2013
annual report

a.s.r.
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2013 annual report

Contents

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Introduction

This Annual Report spans the period from 1 January 2013 to 31 December 2013. Where the data in this report does not match the 2012 annual report, this is indicated in the text. The Annual Report is based on factual information from internal sources, financial information provided by Accounting, Reporting & Control, Risk Management, Human Resources, Legal, Compliance and Business Support, and information from the Supervisory Board.
The provided quantitative and qualitative information concerns a.s.r. as a whole, except where explicitly stated that information applies to one specific business unit or a division of the organization.

This Annual Report has been prepared based on the G3.1 sustainability reporting guidelines of the Global Reporting Initiative (GRI) as well. These guidelines are a leading benchmark for sustainability reporting. a.s.r.'s sustainability report is governed by level C of the G3.1 guidelines. Part VII of this Annual Report contains a GRI index table, indicating where in the Annual Report the reader can find GRI disclosures. Also, additional information is provided that has not been included in the Annual Report itself. The information contained in the GRI index table has not been audited.


a.s.r.
maatschappij
voor alle
verzekeringen

Part I

a.s.r. at a glance

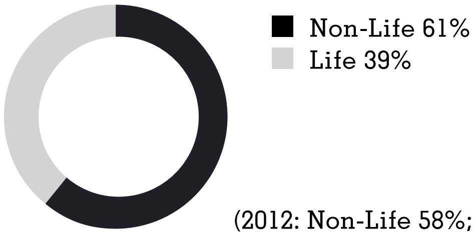
1.1 Profile and key figures

Gross written premiums

€ 3,923 mln

(2012: € 4,290 million)

Breakdown of premium income



(2012: Non-Life 58%; Life 42%)

Operating expenses

€ 547 mln

(2012: € 587 million)

Net results

€ 281 mln

(2012: € 316 million)

Cost-premium ratio (Insurance business)

10.9%

(2012: 10.2%)

Dividend proposal

€ 99 mln

(2012: 88 million)

DNB solvency including UFR

268%

(2012: 293%)

Return on equity

10.6%

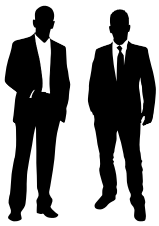
(2012: 14.1%)[1]

1 After restatement for IAS19R

Headcount (FTE) at year-end 2013

3,789

1,401



2,388

Combined ratio (Non-Life)

96.5% (excluding WGA-ER loss item)

104.6% (including extra WGA-ER loss item)

(2012: 99.2% (including additional WGA-ER loss item)

ASR Nederland N.V., hereinafter referred to as a.s.r., is the Dutch insurance company for all types of insurance. Via the a.s.r., De Amersfoortse and Ditzo brands, and specialist labels such as Europeesche Verzekeringen and Ardanta, a.s.r. offers a wide range of financial products covering P/C, life and income insurance, group and individual pensions, health insurance, travel and leisure insurance, and funeral insurance. With the exception of a number of funeral portfolios in Germany and Belgium, a.s.r. operates in the Dutch market.

Besides insurance products, the a.s.r. product range includes savings and investment products and bank savings products. In addition, a.s.r. invests in real estate development and management. Having generated € 3,923 million in gross premium income in 2013 and servicing some 2 million customers, a.s.r. is the fifth largest insurance company in the Netherlands.

The Dutch State has been the sole shareholder of a.s.r. since 3 October 2008. In 2011, the Dutch State transferred all a.s.r. shares to NL Financial Investments (NLFI) in exchange for depositary receipts for the shares.

a.s.r. chooses to be that 'other' insurance company. The insurer that helps people by taking action and by launching new, easy-to-understand products and adapts existing products based on customer feedback. a.s.r. wants to offer security to people living in uncertainty by offering financial continuity in their lives and allowing them to take calculated risks.

It is a.s.r.'s priority to treat customers fairly. Customers can choose to take out insurance from intermediaries or through direct channels. a.s.r.'s core values of being personal, approachable, individual and authentic are reflected in everything we do. a.s.r. wants to give customers good reason to choose its products. But most of all: a.s.r. wants to show customers that they have made the right choice when they call upon their insurer. Customers are insured against risks they cannot bear themselves. a.s.r. is responsible with the insurance premiums and funds entrusted to it. A person insuring their pension with a.s.r., for instance, should be able to trust that their policy will yield pension benefits in 30 years' time.

a.s.r.'s main office is located at the Archimedeslaan in Utrecht, the Netherlands. Other branches in the Netherlands are located in Amersfoort, Amsterdam and Enschede, and at the Pythagoraslaan in Utrecht. Thanks to the New World of Work, a.s.r.'s nearly 3,800 employees can choose their own time and place of work.

In its policies, a.s.r. takes account of the interests of customers, employees and a broad group of external stakeholders (business partners, shareholders, regulators, politicians, regional governments, industry associations, trade unions, non-governmental organizations (NGOs) and local communities). a.s.r.'s corporate social responsibility and concern for the environment are demonstrated by its compliance with the ESG principles of socially responsible investment (see Part III, Corporate Social Responsibility).

Organizational structure

a.s.r. is managed by the Executive Board (www.asr.nl/EN/about-asr). The Executive Board bears full responsibility for the three reporting segments: Non-Life, Life and Other.

The Non-Life segment comprises all types of non-life insurance policies that a.s.r. offers to consumers and business owners. These policies insure risks related to motor vehicles, fire, travel and leisure, liability, legal assistance, occupational disability and medical expenses. The policies are offered under the following labels: a.s.r., De Amersfoortse, Europeesche Verzekeringen and Ditzo, both via the intermediary and the direct channels.

The Life segment comprises all insurance policies that involve asset-building, asset reduction, asset protection, funeral expenses, and term life insurance for consumers and business owners. Products are offered under the a.s.r., De Amersfoortse and Ardanta labels. The vast majority of these policies are distributed via the intermediary channel. Funeral insurance, immediate annuities, term life insurance and pension insurance can also be taken out online.

The Other segment comprises the banking business, ASR Vastgoed Ontwikkeling N.V. (property development), SOS International (emergency assistance) and the holding companies. The Banking business develops mortgages and savings-linked and unit-linked products that are administrated and managed by ASR Hypotheken B.V. and ASR Bank N.V. ASR Vastgoed Ontwikkeling N.V., which is one of the largest retail, residential and area developers in the Netherlands, focusing on developing combined-use residential and retail spaces in complex urban environments. On 1 January 2013, Ditzo was transferred from the Other segment to the Non-Life segment.

a.s.r.'s operations are structured into the product lines Non-Life, Life, Pensions, Banking, Occupational Disability and Health, the entities Europeesche Verzekeringen and Ardanta, and a number of support services and departments. Each of these divisions has its own Management Team, whose chair reports to a member of the Executive Board.

a.s.r.'s legal structure comprises a number of holdings and subsidiaries. An overview of the main legal entities is shown in a table on page 145 of the financial statements.

1.2 Message from the CEO

In 2013 we made significant progress, which makes who we want to be crystal clear: a sustainable, robust and future-proof insurer that is seen to put continuity and certainty for its customers first. We have noticed that customers and other stakeholders appreciate the course we have taken. We are an insurer that helps by taking action, and we play a role that benefits society. A further structural reduction in costs, the introduction of new, simplified products and improved customer service all contribute to this. The motto for our customer service is 'first time right'. Stable earnings and prudent capital adequacy also contribute to our ambition of offering our customers certainty.

In 2013, the insurers once again faced a challenging market. Margins continued to come under pressure, consumer spending fell and businesses closed down. For customers, price is increasingly important in their choice of insurance products. a.s.r. is focusing on the long term by offering fair and transparent products that allow customers to cover risks responsibly. Our strict cost discipline helped us to reduce our costs to an even lower level in 2013, allowing us to offer our customers attractively priced products. We will also further tighten our focus on risk assessment and claims management. Our deliberate choice of value over volume has led to lower premium income in some market segments.

Helping by taking action as an expression of who we aspire to become, resulted in three interesting initiatives in 2013 to underline our commitment to society. Following the start of the FeyBlij campaign early in the year in support of Rotterdam Zoo Blijdorp, we supported a number of independent advisors by facilitating their local media campaigns. Ditzo concluded 2013 by donating part of its media budget for Ditzo healthcare insurance through a social media campaign to the Netherlands Cancer Institute. The dedicated website developed by Ditzo (kijkkankerdewerelduit.nl) attracted almost four million page views. The accompanying YouTube movie was viewed around 1.1 million times. Thanks to all the 'likes', a total of one million euros was donated to the Netherlands Cancer Institute. That money is now being put towards cancer research.

a.s.r. posted a profit of € 281 million for 2013. This is our fifth year in profit in a row since gaining our independence in 2008. Solvency remains strong at 268%. Disregarding the additional WGA-ER charge item, the ratio between premium income and claims (the combined ratio) improved in the Non-Life segment. However, our deliberate choice of value over volume led to lower premium income (4%) in the Non-Life segment. At the same time, we note that our updated Voordeelpakket (non-life discount package) has been appreciated by consumers since its introduction.

In the Life business, a.s.r. also prefers value over volume. By working more efficiently and adjusting the organization to this choice, costs will be decreased even further. In the mortgage market, we are seeing that the WelThuis Hypotheek mortgage meets customers' need for a transparent, comprehensible product. In the savings market, too, a.s.r.'s bank savings products meet the changing wishes of customers. a.s.r. added a new product to the defined contributions market with the introduction of its Werknemers Pensioen (Employee Pension) product. This is an accessible product that focuses on employees and provides all information online. In a market characterized by stiff competition, we have managed to retain our position as market leader in occupational disability insurance. Adequate action on prevention and return-to-work has proved to be a valuable trump. In health insurance, we have seen a considerable increase in the number of customers in the past year. Our Europeesche Verzekeringen and Ardanta labels put in a good performance in the year under review.

An important moment in 2013 was the letter sent by the responsible minister to the Dutch Parliament in August, marking a key development in a.s.r.'s position with the Dutch State as the sole shareholder. There are two options on the table for the privatization of a.s.r.: an IPO or a merger with an insurer already active in the Dutch market. a.s.r. is preparing itself for either scenario. It is clear in any case that a.s.r. is in good business health, has good prospects and is ready to return to private ownership.

Significantly for a.s.r., we made progress in several senses with the transition of the business. A tangible example is formed by the first phase of the renovation of our main offices at the Archimedeslaan in Utrecht. The project is progressing well and on schedule, which meant that the first employees moved into the new wing at the start of 2014. Our choice for renovation and centralization creates a considerable cost saving and will strengthen our teamwork. We are proud to have been awarded the BREEAM Excellent certification, the highest standard of sustainability for existing buildings.

Throughout 2013, a.s.r. continued to be a business in transition in a market in transition. The only constant factor in the years ahead will be the need to adjust to changing circumstances. This means that, over the coming years, we will continue to work hard in line with our strategy, allowing consumers and businesses to insure risks at the right price or to entrust their asset building to us. This will place great demands on the adaptability of our employees, especially if there are changes to the organization that may have an impact on their personal situation. I am proud of how our employees have dealt with this and continue to devote all their energy to helping customers as well as possible. We are able to ensure continuity thanks to the dedication of our people. Continuity for our customers. Continuity in our path to a sustainable business with the right balance between costs, premium income, return and solvency. Continuity in our strategy and positioning. This is our assurance of a healthy future. I have complete faith that we will be successful in achieving this!

Jos Baeten
Chief Executive Officer of a.s.r.

> 'We have noticed that customers and other stakeholders appreciate the course we have taken.'

1.3 Highlights of 2013

The central theme throughout 2013 was highlighting our strategy: the introduction of new products for customers, our positioning, an ongoing focus on efficiency improvements, further cost reductions, the action needed to meet the requirements – where known – of Solvency II, preparations for the introduction of SEPA, and also the renovation of the offices at the Archimedeslaan in Utrecht.

Financial robustness, good levels of solvency and retention of Standard & Poor's A rating were key financial objectives in 2013. Preparing for the return to private ownership was also relevant in 2013, but that does not change a.s.r.'s course towards becoming a flat and transparent organization with clear products and a mindset to helping customers based on 'first time right'. All financial developments at a.s.r. are described in Part II.

Notable new products that a.s.r. brought to market in 2013 included:

- **Lijfrente spaarrekening (annuity-linked savings account).** This is a bank savings product offered by a.s.r. whereby the customer fully manages and consults the account online. The deposits benefit from a tax break. The lijfrente spaarrekening is the successor of the lijfrente opbouwrekening.
- **Voordeelpakket (non-life insurance package).** The updated Voordeelpakket is a complete package of non-life insurance policies. This package offers customers a selection of policies that are appropriate to their circumstances at different times of their lives, including advice from an advisor. Customers also benefit from a discount if they take out several policies within the package.
- **Werknemers Pensioen (pension plan).** In this plan, employees decide for themselves how they want to save for their pension, either by investing or with a 100% guaranteed pension benefit. The Werknemers Pensioen plan is transparent and the costs are clear. It is clear in this product what the employer pays and what costs have to be contributed by the employee.
- **Doodgaanendoorgaan.nl (online funeral insurance).** The doodgaanendoorgaan.nl website offers practical advice on arrangements that need to be made for a funeral. Customers can also take out funeral insurance on the website.
- **BeterDichtbij (health insurance policy).** The BeterDichtbij health insurance policy is an a.s.r. initiative in cooperation with an association of 42 regional hospitals (Samenwerkende Algemene Ziekenhuizen). In its initial review, the Dutch Consumers' Association gave the insurance a four out of five stars rating.

Important initiatives in 2013 that a.s.r. used to make clear what Helping by taking action stands for:

- **The FeyBlij campaign.** a.s.r. donated six months of shirt sponsorship with Feyenoord football club to Rotterdam Zoo Blijdorp. The campaign was backed up by a TV advert featuring former football player Giovanni van Bronckhorst and the sale of more than 100,000 of Olli stuffed animals in 2013. Part of the proceeds of the sales went to Rotterdam Zoo. a.s.r. did not take any earnings from these sales. The Olli TV advert won the Gouden Loeki television award, which is an award chosen by the Dutch public for the best and most unique TV advert of 2013. The campaign was also nominated for the SponsorRing and the Financial Marketing Award.

- **De Amersfoortse campaign.** This TV campaign was not just intended to position business owners and De Amersfoortse; a.s.r. also supports business owners via a crowd funding platform where they can pitch their ideas that are still in need of an investment. De Amersfoortse and a.s.r. will also be investing in these ideas. Preparations for this crowd funding platform took place in 2013. It will launch in 2014.
- **Kijk kanker de wereld uit (Rid the world of cancer campaign).** Rather than spending money on media adverts for Ditzo's healthcare insurance, a.s.r. instead decided to give the money to cancer research. More than one million viewers watched and shared the video featuring John de Wolf on the dedicated website kijkkankerdewerelduit.nl and on social media. Anyone viewing, sharing or liking the video helped raise money for the Netherlands Cancer Institute. The maximum € 1 million available was achieved within four days.
- **Advisor campaign.** This campaign, which built on the a.s.r. branding campaign, helped around 50 independent advisors raise their profile in their own region. The campaign included regional radio adverts and outdoor advertising posters.

Three other highlights of 2013:

1. Minister of Finance Jeroen Dijsselbloem chooses two-track approach to a.s.r. privatization
In August the Minister of Finance, Jeroen Dijsselbloem, informed the Dutch Parliament of his views on how to return a.s.r. to private ownership. There are two options on the table for the sale of a.s.r.: an IPO or a merger with an insurer already active in the Dutch market. The Executive Board sent all employees a message by email stating that this specifically means that, in the coming period, a.s.r. will make (further) preparations for an IPO, and that options to merge ('consolidate') with another insurer active in the Netherlands will be seriously studied.

2. a.s.r. said farewell to Feyenoord
After 22 years as main sponsor of Feyenoord football club, it was time for a.s.r. to bid Feyenoord farewell in May. Before the final match of the season, a.s.r.'s Chief Executive Officer, Jos Baeten, addressed a full stadium from the centre spot to thank the club and the fans. Club Chairman, Eric Gudde, had a word of thanks for a.s.r.: 'a.s.r. has been a sponsor that has always stood behind Feyenoord, in good times and in bad. Loyalty has been key. It is part of this club and part of the supporters of this club.'

3. Renovation taking shape
In 2013, the first phase of the renovation of the Archimedeslaan main offices was nearing completion, with the first group of colleagues due to move into the renovated part of the building in early 2014. The renovation of the building is unique in more ways than one. Not only does the new space meet the most stringent environmental and sustainability standards (BREEAM Excellent rating) and offer opportunities for the New World of Work (NWW), but it is the largest renovation project ever in the Netherlands where employees have been able to remain in the building during the renovation works.


Awards, prizes and other honours in 2013

In the development of a.s.r. towards becoming a customer-oriented and transparent insurer, any awards and prizes are a recognition of the positive changes within a.s.r. A selection of prizes awarded to a.s.r. in 2013 or awards which were announced in 2013:

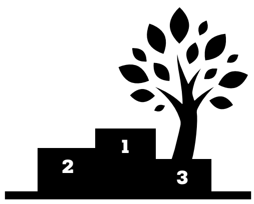
Customer focus

- Product comparison website Moneyview awarded a.s.r. five stars for a number of products in 2013. This is the highest score possible. Five stars were awarded to a.s.r.'s legal assistance insurance in the product rating category. a.s.r.'s lijfrente spaarrekening (annuity-linked savings account) was given five stars in the price category. The De Amersfoortse's occupational disability insurance was given five stars in the flexibility category.
- The Dutch Consumers' Association was enthusiastic about the vehicle personal injury insurance offered by a.s.r. The test panel gave this insurance product a score of 9, the highest score in comparison with other products.
- The Dutch Consumers' Association recommended taking out healthcare insurance with Ditzo based on price, the cover provided and the terms and conditions. The recommendation was based on the first healthcare auction that the Association had organized.
- Customer-Oriented Insurance Quality Mark awarded to a.s.r.
- Ditzo, De Amersfoortse and Europeesche Verzekeringen kept their Customer-Oriented Insurance Quality Mark.
- Europeesche Verzekeringen won the Best Travel Insurance Award 2012, presented in 2013.
- Ditzo won the Customer Centric DNA Awards, an award for the most customer-oriented insurer.
- Ditzo took first place in the Preferenso Service Award 2012, presented in 2013.
- Customer service colleagues took fifth place in the National CQ test television programme.
- SOS International won the IAG Innovation Award 2013 with the INFO Tag.

Employees

- The a.s.r. Executive and Supervisory Board, as well as senior management team members took their professional oath.
- a.s.r. received an honourable mention in the report by the Monitoring Talent to the Top committee, in which Dutch businesses commit themselves to appointing more women in senior positions (see Part III).
- a.s.r. vastgoed ontwikkeling is the most sought-after employer in the construction sector.
- Highest score for employee engagement in 2013 since 2008 (for more details, see Part III).

CSR



- BREEAM sustainability certificate presented for the design of the renovated Archimedeslaan building.
- a.s.r. took third place in the sustainable development top 10 of the Eerlijke verzekeringswijzer (Fair Insurance Guide).
- For the third consecutive year, a.s.r. achieved third place in the study by the Dutch Association of Investors for Sustainable Development (VDBO) (www.vbdo.nl).
- a.s.r. took third place in the Sustainable Working Award.

Efficiency

- a.s.r. took first place for Facility Services in the Netherlands Facility Cost Index.

1.4 Strategy and positioning

a.s.r. offers people certainty in uncertain situations. a.s.r. achieves this by ensuring financial continuity in people's lives and by allowing them to take out insurance for risks that they are unable to carry alone, and to help customers grow their assets for the future.

Everyone at a.s.r. works each day according to the guiding principle that they can help make the insurance business better. Using alternative business models and starting from an alternative mindset, they revert back to the roots of insurance, i.e. helping people, and back to the philosophy that working together provides certainty to all. Insurance is the essence, and providing certainty is a.s.r.'s reason for being. Helping by taking action.

The legal predecessors of a.s.r. have put service in insurance on the map in the Netherlands. Our history goes back to 1720, and sharing risk was the founding principle. This still holds true for a.s.r. today.

a.s.r. is confident that it can prove its right to exist by thinking in terms of customer interests and perception. This is something that all employees work towards each day. And it is the employees that give the service of a.s.r. a face and determine its quality. a.s.r.'s products and service must match these. Clarity and simplicity combined with efficient business processes and a robust financial position are essential. Customers may rest assured that their risks are covered by an insurer that operates sensibly and avoids waste, but that also listens to them and puts itself in its customers' shoes.

All a.s.r. employees share the responsibility for fulfilling customers' wishes, and customer trust is an important part of this ambition. Trust goes further than the customer alone. It applies equally to successful cooperation with intermediaries by offering employees an inspiring and interesting working environment, and by giving the shareholder the prospect of attractive returns based on responsible risk.

Customers tell a.s.r. that they want transparent products, clear communication and personal service. a.s.r. has made meeting these needs its number one priority, and activities and targets are assessed against customer interests. New products are presented to customer panels and their feedback is incorporated into the product development process. Ultimately, this is reflected in the appreciation rating that customers give a.s.r. in terms of the Net Promoter Score (NPS).

Part of a.s.r.'s strategy is to prevent waste by a continuous drive to improve efficiency in line with the motto of 'first time right' and to lower costs by standardizing processes and products and by increasing the degree of Straight Through Processing. One aspect of efficiency involves the outsourcing of work to specialist partners. a.s.r. has chosen to introduce outsourcing in controlled stages.

1.5 Brand policy and distribution model

With the a.s.r., De Amersfoortse, Ditzo, Europeesche Verzekeringen and Ardanta brands, a.s.r. offers a wide range of financial products covering life insurance, non-life insurance, income protection insurance, group and individual pension insurance, health insurance, travel and leisure insurance, and funeral insurance.

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

a.s.r.

a.s.r. is the label for private individuals. Its key values are: helping people by taking action and avoiding waste. Life and non-life insurance policies, mortgages and savings and investment products are primarily sold through the intermediary channel. The a.s.r. label also includes insurance for corporate clients. In addition, a.s.r. manages and develops real estate.

a.s.r. embraces a hybrid distribution model, which has been designed to allow customers to manage their insurance themselves and solicit advice when they need it. Customers can always contact a.s.r. about easily resolvable or administrative issues, for instance by calling or sending an email, or they can ask an intermediary for tailored advice. a.s.r. also puts customers' interests first in developing insurance packages. These are based on customers' life events, such as buying a house or children leaving home. This makes insurance personal and lays the foundation for different pricing methods.

Ditzo

Ditzo

Ditzo is the online provider of non-life and health insurance policies for people who like to manage their insurance themselves. Customers can take out household contents insurance, third-party liability insurance, residential premises insurance, travel and motor vehicle insurance, and health insurance online.

De Amersfoortse

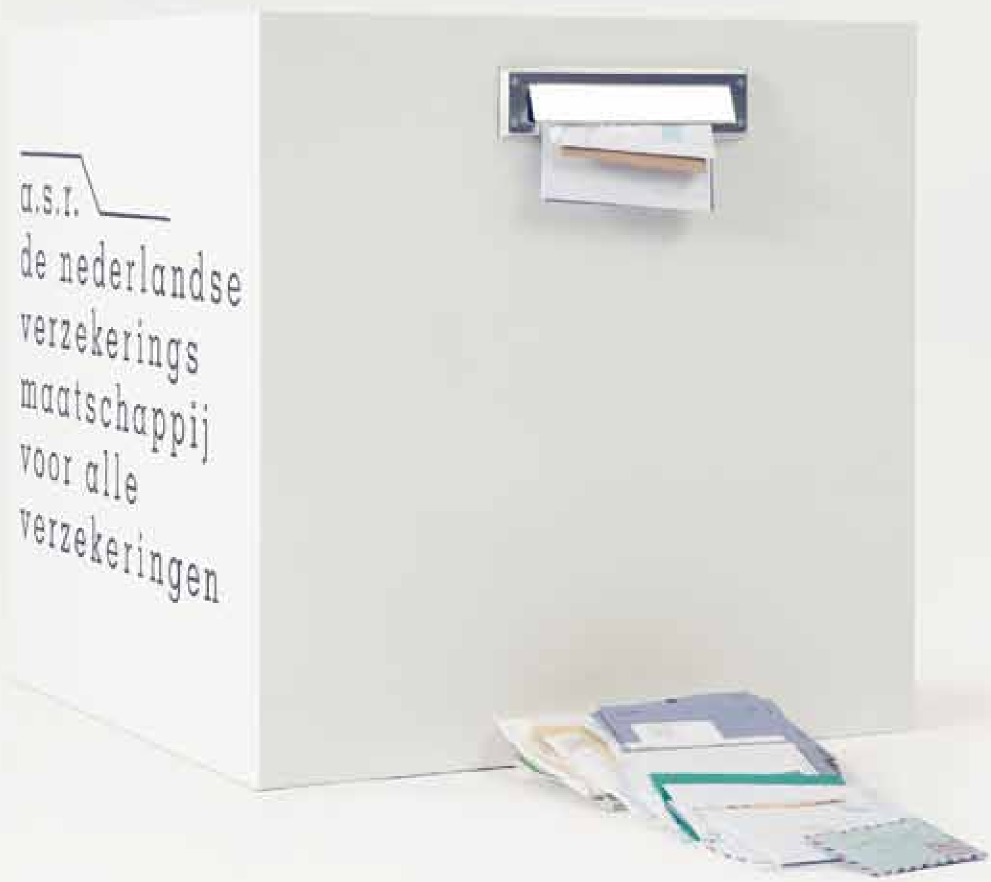
Over the coming years, De Amersfoortse will focus more and more on becoming the number one insurance label for business owners. Pension insurance was added to the portfolio of income protection and health insurance in 2013. De Amersfoortse's priorities are offering peace of mind, now and in the future, advice from a trusted advisor and convenience through online management and services. With this proposition, De Amersfoortse is transforming from an income protection insurer to the insurance company for business owners in the Netherlands. De Amersfoortse's products and services are sold exclusively through intermediaries.
From 2013 onwards, income insurance will only be sold via the De Amersfoortse brand, based on profiles from corporate clients. This means business owners will receive a competitive proposition when taking out disability or income protection insurance.

Ardanta

Ardanta is a specialist in funeral insurance. Although it collaborates mainly with independent intermediaries, products are sold in partnership with undertakers as well.
In addition, Ardanta has launched a website called www.doodgaanendoorgaan.nl (Dutch only), which educates customers well in advance about funeral arrangements and related issues.

Europeesche Verzekeringen

Europeesche Verzekeringen specializes in travel and leisure insurance. Its product offering ranges from multi-trip travel insurance and classic car insurance to hobby and wedding insurance. Europeesche Verzekeringen sells insurance policies through the intermediary channel and through specialist partners to offer tailor-made policies to its customers, which not only include travel companies, health insurers and insurance agents, but also federations, clubs and associations, such as the Dutch Ski Federation.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Part II

Report of the Executive Board

2.1 Financial performance

2.1.1 ASR Nederland N.V.

- Net results 2013 at € 281 million
  - Non-Life segment: healthy margin (excluding WGA-ER charges) at a combined ratio of 96.5%
  - Life segment: better performance thanks to cost reduction and higher investment returns
  - Other segment: better performance in Banking business and scale-down of risks in real estate development
- Operating expenses down another € 40 million, i.e. 7%, dropping from € 587 million to € 547 million
- Gross premiums written down 9% to € 3,923 million (2012: € 4,290 million) due to market developments and focus on profitability
- DNB solvency ratio robust at 268% (year-end 2012: 293%)

a.s.r. key figures (in millions of euros)

	2013	2012
Gross premiums written, Non-Life	2,392	2,487
Gross premiums written, Life	1,666	1,891
Eliminations	-135	-88
Total gross premiums written	**3,923**	**4,290**
Operating expenses, Life and Non-Life	-439	-449
Operating expenses, Other	-108	-138
Total operating expenses	**-547**	**-587**
Provision for restructuring expenses	-24	-30
Reported for 2012, before change in accounting policies under IAS19R[1]		
Net results, Non-Life (including additional WGA-ER charges)		59
Net results Life		275
Net results Other		-79
Net results		255
After change in accounting policies under IAS19R		
Net results, Non-Life	5	59
Net results Life	367	275
Net results Other	-91	-18
Net results	281	316
Cost-premium ratio, insurance business	10.9%	10.2%

1 In 2013, a change in accounting policies was implemented in relation to the recognition of the a.s.r. pension plan (IAS19R), as a result of which the comparative figures for 2012 of the Other segment were restated. This also affected the consolidated figures for 2012. This change has an accounting effect on the net results, operating expenses and total equity, as well as on return on equity.

	31 December 2013	31 December 2012
Total equity (including revaluation of real estate)	3,799	3,537
Total equity (IFRS)	3,015	2,663
Return on equity (IFRS)	10.6%	14.1%
DNB solvency ratio	268%	293%
Total number of internal FTE	3,789	4,088

Notes to a.s.r. key figures

- Ditzo has been integrated into the Non-Life segment as of 1 January 2013. The effect of this shift on the cost-premium ratio of the insurance business in 2012 was 0.3%-point (from 10.2% to 10.5%). On a comparable basis, the cost-premium ratio for the insurance business saw a 0.4%-point increase, rising to 10.9%, despite implemented cost-saving measures.

Developments in 2013

The insurance market continued to pose challenges in 2013 due to a fall in consumer spending, lagging economic growth and a rising number of insolvencies. Against this backdrop, a.s.r. managed to further improve its performance in 2013.

Margins in the Non-Life segment are sound. Disregarding the additional expense item for Partial Incapacity Policy excess insurance (WGA-ER), all P/C divisions contributed profits. In order to continue the robust performance of the P/C business, increased attention was placed in 2013 on managing claims, mainly by focusing on portfolio management and improving returns, with good results. Consequently, premium income from the other P/C business was weighed down. The market share of the Occupational Disability business was strengthened, and a.s.r. became a permanent player in the Health Insurance market thanks in particular to the success of Ditzo.

The performance of the Life segment improved significantly, which was attributable to lower costs and higher investment returns. The traditional Individual Life business remains an area for concern because it continues to contract. Since interest-rates remain low, a.s.r. has chosen value over volume in the pensions market; the priority is to retain existing customers. This has proven to be successful.

The Banking business is developing well. It has doubled its share of the mortgage market thanks to the WelThuis mortgage and the a.s.r. online savings account. As a result, a.s.r. was the sixth largest mortgage lender in the Netherlands at year-end 2013. What's more, a.s.r. is now the second largest mortgage lender amongst insurers.

In 2013, a.s.r. again took a number of steps to improve its efficiency and reduce costs; that has resulted in a better performance of the divisions.

Thanks to stringent capital and risk management, the solvency ratio remained robust at 268%.

a.s.r. sets great store by customer excellence and this is beginning to yield dividends. The Net Promoter Score is the highest since the first measurement in 2009. This means that more customers than ever before are recommending a.s.r. to their family, friends, colleagues or business partners. Among insurers, a.s.r. is ranked fourth based on the Net Promoter Score. New products such as the Voordeelpakket (non-life insurance discount package) and Werknemers Pensioen (Employee Pension) received a warm welcome from both intermediaries and customers.

a.s.r. works hard to win back customer trust. On one hand by showing our commitment to society through 'help' campaigns, on the other by improving customer services. In this context, we set up Customer Contact Centres in the divisions in 2013 so as to more easily draw upon existing expertise and to improve customer service.

a.s.r.'s performance and results are due to employees' efforts. While the market changes continually and a.s.r. is adapting, employees continue to focus on improving customer service and earning back customer trust. Thanks to the commitment of all employees, a.s.r. is able to guarantee continuity for customers and create a meaningful future for a.s.r., all stakeholders and society at large.

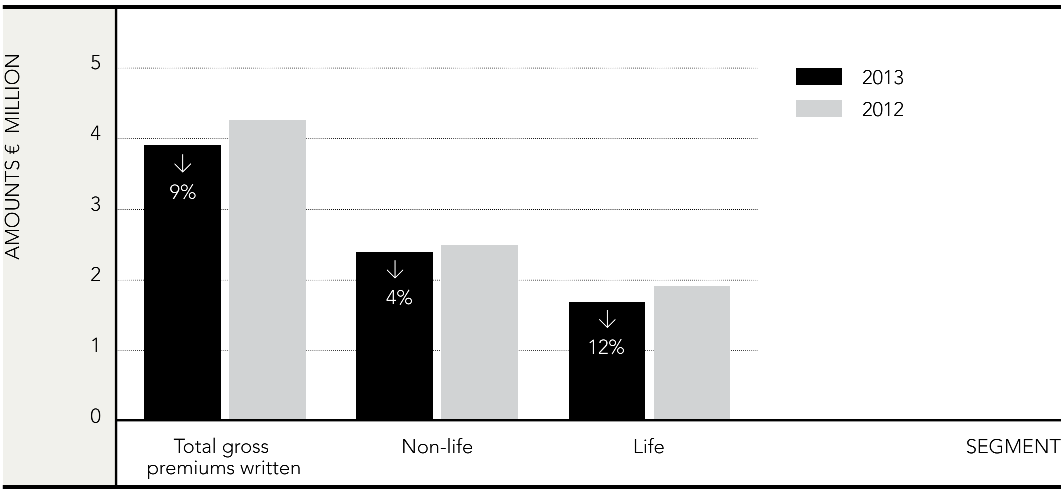
Financial results in 2013

Gross premiums written

Compared to 2012, premium income was down 9% to € 3,923 million (2012: € 4,290 million). The decline relates to both the Non-Life segment (-4%) and the Life segment (-12%).

The fall in premium income in the Non-Life segment to € 2,392 million (2012: € 2,487 million) manifested itself in nearly all product groups; it relates to the choice of value over volume as well as to a market that is in decline in some respects. Higher product sales were neutralized by a greater number of policy cancellations as a result of the focus on profitability and business closures by self-employed persons.

In the Fire & Property business, risks were reassessed, which led to the cancellation of some policies; as a result, a.s.r. was less affected by large fires in 2013. The total Health Insurance portfolio continued to grow, predominantly due to a successful Ditzo campaign.



Gross premiums written in the Life segment were down 12%, falling from € 1,891 million to € 1,666 million. This drop was mainly attributable to lower income from regular premium policies. The volume of policy surrenders in the Individual Life business was halved in 2013 after the peak in 2012; it has now returned to 'normal' levels from a historical perspective. Focus on profitability also led to a further decline in immediate annuities/single premium policies. Premium income from the Pensions business fell by 6%. The new Werknemers Pensioen (Employee Pension) was introduced in late 2013. The first contracts have now been signed and the number of calls for tenders is rising. Premium income from the Funeral Insurance business was virtually stable, despite a declining market, thanks in part, to the acquisition of de Facultatieve.

Operating expenses

a.s.r. again structurally lowered its operating expenses; a 7% fall to € 547 million was achieved in 2013. In addition to focusing on cost reduction, a.s.r. continues to make targeted investments, for instance by introducing a new pension product, improving our services (such as the new website launched by Ardanta), by streamlining our processes and systems, and introducing a new IT system for administrating occupational disability.

In addition to this decline, operating expenses have become more flexible in 2013 so that they can be adapted to the volume of the insurance portfolio. In the Life business, various support services have been outsourced. Also, the Health Insurance business makes use of third-party IT systems.

Headcount
The headcount of internal employees fell from 4,088 FTE to 3,789 FTE in 2013. The largest group of employees who left (266) came under the scope of the Redundancy Plan. Another 78 employees left a.s.r. at their own request, 59 employees reached the end of their temporary contracts and 70 employees agreed to consensual termination of their employment contracts. On average, employees stay with a.s.r. for 14.8 years.

Breakdown of employee base:
31 December 2012: 2,605 men - 1,612 women
31 December 2013: 2,430 men - 1,443 women

Net results
The net results 2013 amounted to € 281 million. This amount reflects the higher profitability of the Non-Life segment, which was more than cancelled out by the additional WGA-ER charges (€ 137 million). Disregarding this additional provision, the net results of the Non-Life segment showed strong improvement by rising to € 142 million at a combined ratio of 96.5%.

In the Life segment, the net results increased from € 275 million to € 367 million due to higher investment returns and lower operating expenses. In addition, several impairment losses recognized in previous years were reversed, following the tentative recovery of the financial markets.

The Other segment recognized a one-off tax benefit of € 90 million in 2012. The accounting policies of IAS19R also affected this segment (€ +61 million), because this segment includes the a.s.r. pension plan. Disregarding the tax benefit and the effect of IAS19R accounting policies, earnings in this segment rose by € 78 million, primarily due to lower operating expenses, a better performance of the Banking business and fewer incidental impairments. The risks incurred by the Property Development business were further scaled down, thereby reducing losses.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Outlook for 2014

The Dutch State has been the sole shareholder of a.s.r. since October 2008. In September 2011, all shares in a.s.r. were transferred to Stichting Administratiekantoor Beheer Financiële Instellingen (NL Financial Investments or NLFI), a trust office. a.s.r. has never received state aid. a.s.r. has the ambition to return to the private market. a.s.r. is large and robust enough to operate as an independent insurer in the Dutch market.

It will become clear in 2014 how and when a.s.r. will return to the private market. a.s.r. is ready for it, as Minister of Finance Dijsselbloem announced in his letter to the Dutch House of Representatives in August 2013. Irrespective of what the privatization will look like, a.s.r. will continue to focus on its chosen strategy. This means that, over the coming years, a.s.r. will carry on adapting its organization so as to allow consumers and businesses to insure risks at the right price or to entrust their asset building to a.s.r.

In addition to offering good prices, a.s.r. believes strongly in investing in long-term relationships with customers and intermediaries by offering high-quality and transparent products and services that truly meet customer needs. The role of the intermediary channel will continue to be vital.

The development of a crowd funding platform for business owners who hold policies with De Amersfoortse is a precursor to other a.s.r. initiatives to create customer loyalty and improve customer service. The online platform (www.doorgaan.nl; in Dutch) allows business owners, who have difficulty securing traditional finance, to look for funding for their ideas. De Amersfoortse will create campaigns for business owners and call upon others to help them launch or continue their business. Social media offer more and more direct opportunities to reach customers, who tend to form groups and communities, and join forces. Organizational changes that will be implemented in the near future focus on capitalizing on the resulting demand and offering appropriate services. Obviously, maintaining a robust solvency ratio will continue to play a fundamental role in a.s.r.'s operations in the future.

a.s.r. is engaged in a dialogue with the Works Council and the trade unions to talk about adjustments to the conditions of employment. a.s.r. wants to be a sustainable and future-proof Dutch business by offering easy-to-understand and transparent products as well as keeping costs low. With this in mind, a.s.r. has chosen to reduce the costs associated with its conditions of employment, starting from the principle that all employees should receive pay and benefits that are not necessarily better than those offered by other Dutch businesses, but that are appealing to both current employees and new colleagues.

On 1 May 2014 Chris Figee (41) will join the Executive Board as CFO. He will succeed Roel Wijmenga, who is leaving a.s.r. after 5 years. Chris (H.C.) Figee was previously employed as Director Group Finance at Achmea. In the past he worked for Aegon and McKinsey. Roel Wijmenga joined a.s.r. early 2009, just when the company became independent.

a.s.r. will start using the Next Generation Financial Services (NGFS) payments system in 2014, thereby satisfying the requirements of the European SEPA (Single Euro Payments Area) rules that came into effect in February 2014. Until NGFS becomes operational, a.s.r. will work in partnership with Equens to satisfy the SEPA requirements.

The renovation of the a.s.r. head office at Archimedeslaan in Utrecht will enter phase two in 2014. The first renovated part of the building was completed in March 2014. It houses about 1,600 people who now work in a new, sustainable environment based on the principles of the New World of Work. Their new workplace fully meets the present-day occupational health and safety standards. The renovation of the whole building is scheduled to be completed in 2015. As a result, a.s.r. will ultimately save € 20 million in operating expenses annually.

2.1.2 Non-Life segment

- Net results in Non-Life segment dominated by additional WGA-ER charges
- Net results disregarding WGA-ER charges at € 142 million
  - Better performance in all product lines, except for Occupational Disability Insurance business
  - Taking account of additional WGA-ER charges, net results down € 59 million to € 5 million
- Combined ratio disregarding additional WGA-ER charges at 96.5% (including WGA-ER charges: 104.6%)
- Operating expenses down 1% to € 240 million on comparable basis, despite investments in claims management and process optimization
- Gross premiums written down 4% to € 2,392 million (2012: € 2,487 million)

Key figures of Non-Life segment (in millions of euros)

	2013	2012
Gross premiums written	2,392	2,487
Operating expenses	-240	-226[1]
Provision for restructuring expenses	-11	-18
Results before taxes	2	72
Income tax expense	3	-13
Net results	5	59
New Non-Life insurance contracts sold	217	303
Claims ratio	78.3%	73.4%
Commission ratio	15.8%	16.7%
Expense ratio	10.5%	9.1%[1]
Combined ratio (including additional WGA-ER charges)	104.6%	99.2%

1 Ditzo has been integrated into the Non-Life segment since 2013. The cost-premium ratio for 2012 on a comparable basis was 9.8%. Operating expenses for 2012 were € 243 million on a comparable basis.

Profile
The Non-Life segment comprises all types of P/C insurance policies that a.s.r. offers to consumers and businesses. These policies insure risks related to motor vehicles, fire, travel and leisure, liability, legal assistance, occupational disability and medical expenses. The policies are offered under the following labels: a.s.r., De Amersfoortse, Europeesche Verzekeringen and Ditzo, both via the intermediary and the direct channels.

Market developments
The market for traditional P/C insurance (motor, fire, liability, etc.) was under pressure in 2013. Competition on pricing remained fierce in the reporting period. The autumn storms resulted in more and higher claims for motor vehicles and fire insurance. The persistent economic crisis led to an increase in the number of business closures and reduced the financial scope of businesses, which affected the Occupational Disability business. The overall occupational disability market contracted slightly as a result.

Against all expectations, fewer people switched health insurance providers in 2013. The switching percentage for the time being is 5.7%. Consumers not only took out fewer supplementary policies, but they also cut down on coverage. In addition, they tended to prefer a higher policy excess, thereby reducing their premiums. Through Ditzo and De Amersfoortse, a.s.r. solidified its position in the health insurance market with more than 300,000 customers.

The falling trend in holidays continued on into 2013. The winter season showed a 6% decline, which was only barely compensated by disappointing summer bookings. Spending while on holiday was lower too. Consumers waited longer to purchase or replace recreational items and they spent more time using their own caravans, boats and other recreational items. This increases the chances of claims. Overall, the ongoing drop in disposable income and the rising unemployment rate accounted for a 4% fall.

Financial results

Net results

Earnings in the Non-Life segment were dominated by the sector-wide losses on WGA-ER. These losses amounted to € 137 million for a.s.r. in 2013. Disregarding this additional WGA-ER charge, the net results in the Non-Life segment was up 13%, reaching € 142 million, with a robust combined ratio of 96.5%. All product lines improved their performance.

The measures taken to reduce claims and actively manage portfolios have improved the performance in the Motor and Fire product groups. On the other hand, autumn storms resulted in additional claims for a.s.r. amounting to approximately € 22 million after tax in total. The number of large claims in the Commercial Fire Insurance business declined thanks, in part, to the pursued prevention policy and the reassessment of risks. This goes against the overall picture in the Netherlands where a record number of 148 large fires occurred in 2013 (figures by the NIVRE).
The net results from the Health Insurance business also increased in 2013.

In line with Dutch market developments, the scale of partially fit and new claims was also higher than expected for a.s.r. In 2013, this resulted in an additional WGA-ER charge of € 137 million after tax (2012: € 67 million) due to an increase in the number of prior-year incapacity claims and an over-representation of the partially fit in the WGA population.

Additional measures have already been taken to manage and provide insight into claims development on an ongoing basis. Stricter guidelines for accepting new policyholders, more in-depth and verifiable claims processing, and the introduction of a new premium model geared to the employer's risk profile will contribute vastly to the performance in this area.

In addition, more focus is being placed on helping employees return to work once they have suffered an incapacity. Arrangements have now been made between the Dutch Association of Insurers and the Employee Insurance Agency (UWV) about reassessments and transfer of information, which will help to improve claims management and assessment of incapacity. Partly for that reason, a.s.r. will continue to play a role in this market.

Apart from the WGA-ER charge, a.s.r.'s Occupational Disability Insurance business is sound. a.s.r. not only leads the market measured in premium income, but also in prevention and return to work initiatives.

Operating expenses

On a comparable basis, operating expenses fell by € 3 million to € 240 million and the cost-premium ratio rose from 9.8% to 10.5%. This increase was due to a decrease in premium income. Due to investments in strategic projects, including a new IT system for the Occupational Disability Insurance business in the autumn of 2013, operating expenses in the Non-Life segment did not decline as sharply. In the long run, this new IT system is meant to structurally lower costs by reducing the number of manual actions, thereby increasing efficiency and quality, and freeing up time for advising customers. This unites cost awareness and customer focus in one initiative.

Gross premiums written

a.s.r. chooses value over volume. Because of that choice in particular, gross premiums written in the Non-Life segment were down 4% to € 2,392 million (2012: € 2,487 million).

Premium income was up in the Health Insurance and Group Occupational Disability Insurance businesses. The Health Insurance portfolio grew for the second year in a row (+8%), with customers mainly taking out policies online via Ditzo. However, in keeping with market developments, there was also an increase in the number of policyholders cancelling their supplementary insurance or opting for a more limited health insurance package at a lower premium.

The volume of the occupational disability insurance market declined further in the reporting period as a result of the economic crisis. a.s.r. saw a limited increase in its premium income in this market segment and managed to strengthen its position of market leader. Surrenders in the portfolio for individual occupational disability insurance policies increased as a result of a premium adjustment and business closures.

Profitability-improving measures and the reassessment of risks in the Motor Insurance and Fire & Property businesses resulted in a decline in premium income. On the other hand, the net results and the combined ratio improved. 2013 saw the introduction of the Vernieuwd Voordeelpakket, an improved and customer-oriented package combining Non-Life products. This package was received well by consumers.

Achievements in 2013

a.s.r. attaches great value to treating customers fairly. The complaints management process was greatly improved in 2013, not just a.s.r.-wide but also within the Non-Life segment, for instance by setting up Customer Contact Centres and using webcare. Thanks to these efforts, a.s.r. was awarded the Keurmerk Klantgericht Verzekeren (Customer-Oriented Insurance Quality Mark) in 2013.

The updated Voordeelpakket, a comprehensive P/C insurance package, was introduced in 2013. With advise from an intermediary, this package offers customers a selection of policies that are appropriate to their circumstances at different times of their lives. The underwriting performance of all product lines improved in 2013 (exclusive of WGA-ER). a.s.r. only sells occupational disability insurance under the De Amersfoortse label, which initiated a transformation in 2013 from being an income protection insurer to an insurance company for business owners.

De Amersfoortse helps business owners to harness and protect their own labour capacity and that of their employees, with a view to providing income security and business continuity.

The Next Generation Group Occupational Disability Platform (in Dutch: NGA Collectief) was launched in order to improve the online service offering and pass on synergy benefits with the Health Insurance and Pensions businesses to customers. After the roll-out, three existing obsolete systems will gradually be phased out. Besides providing benefits to customers, this offers a substantial cost reduction, particularly where management and maintenance are concerned.

In addition to these new group insurance products, De Amersfoortse is developing a service package focusing on prevention and return to work. Examples of prevention initiatives are a health questionnaire (De Gezondheidsenquête) and a business profile (Het OndernemerProfiel). The former is a vitality screening of the business owner and the latter a vitality screening of the business and of how the business owner manages it. An example of return-to-work services is the introduction of a return-to-work assistant or manager.

With its products and services, De Amersfoortse targets self-employed business owners and SMEs with a headcount of up to 250.

In the reporting period, the Occupational Disability business focused heavily on claims management, both where individual and group policies were concerned. In addition, holders of individual policies were more actively approached, in which process customers with expiring policies were offered renewal policies in an attempt to retain them. a.s.r. has led the market for income protection insurance for many years. This position was strengthened in 2013.

The increasing need among customers to take out insurance policies online is reflected in the successful introduction of health insurance by Ditzo, which was able not only to donate € 1 million to the Netherlands Cancer Institute with the 'help' campaign in 2013, but also to welcome about 51,000 new customers with effect from 1 January 2014.

Outlook for 2014

The P/C market is not expected to show growth in volumes in 2014. a.s.r. does, however, predict a further shift towards products that can be purchased directly via online platforms. By improving its websites, and smartphone and tablet applications such as Ditzo's, a.s.r. increases the options for customers to select the distribution channel of their choice.

Many of a.s.r.'s customers receive their services and advice from intermediaries, who also increasingly use online applications (offered via service providers). By partnering up with intermediaries and service providers, new customers are being drawn in and existing customers receive excellent services.

The occupational disability market is likely to recover in 2014 because of the economic outlook. The first signs of recovery emerged around the turn of the year; with this, the recession in the Netherlands seems to be over. a.s.r. is cautiously optimistic about developments in the year to come where business start-ups and business terminations are concerned. These developments affect sales of new insurance policies and organic growth. Business terminations and insolvencies also put pressure on uncontrollable policy cancellations. In 2014, the Occupational Disability business is also expected to suffer from an increase in claims. Overall, the business will concentrate on improving returns through cost efficiencies, premium adjustments and claims management. De Amersfoortse's integrated product propositions will be broadened, linking them explicitly to health and pension insurance. a.s.r. is also committed to further improvements to the service offering in the areas of prevention and return to work. By doing so, we will make full use of the expertise and strengths available at De Amersfoortse.

With respect to health insurance, expectations are that basic coverage will continue to be stripped down and that customers will increasingly opt for low basic premiums and a higher policy excess.

In the travel and leisure market, the drop in holiday bookings and (replacement) purchases of recreational items is expected to persist in 2014, which will have a direct effect on travel and leisure insurance.


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2.1.3 Life segment

- Strong increase in net results to € 367 million (2012: € 275 million)
- Operating expenses down 11% to € 199 million (2012: € 223 million)
- Gross premiums written down 12% to € 1,666 million (2012: € 1,891 million)
- New life insurance contracts sold (APE) down to € 65 million (2012: € 87 million). Introduction of new Werknemers Pensioen (Employee Pension) in Q4

Key figures of Life segment (in millions of euros)

	2013	2012
Regular premiums written	1,421	1,552
Single premiums	245	339
Gross insurance premiums	1,666	1,891
Operating expenses	-199	-223
Provision for restructuring expenses	-10	-7
Results before taxes	471	350
Income tax expense	-104	-75
Net results	367	275
Cost-premium ratio	11.6%	12.0%
New life insurance contracts sold (APE)	65	87

Profile
The Life segment comprises all insurance policies that involve asset-building, asset reduction, asset protection, term life insurance and funeral expenses for consumers and business owners. These operations are being conducted by ASR Levensverzekering N.V. Products are offered under the a.s.r., De Amersfoortse and Ardanta labels. The vast majority of these policies are distributed via intermediaries, but funeral insurance, immediate annuities and pension insurance can also be taken out online.

Market developments
The Individual Life insurance market is contracting due to the increasing popularity of bank savings products and further cuts in tax facilities. This market is declining fast and will continue to do so. Consumers increasingly opt for bank savings products to accumulate capital. They are looking for easy-to-understand, transparent and cost-efficient products. Insurance companies are responding to their needs by offering basic products at competitive prices and implementing structural cost reductions. Competition is fierce and margins are under pressure.

In the Pensions business, the shift from defined benefit (DB) plans to defined contribution (DC) plans is permanent, as is the shift to a more individual approach to pension insurance. Pension products are developing into simple, low-cost products for which service charges and asset management fees are due only; margins on these products will be low for providers. One example of such a low-cost, transparent pension product is the a.s.r. Werknemers Pensioen (Employee Pension), which was introduced in Q4 2013.

The market for funeral insurance is saturated. Achieving growth is a tall order. The ban on commissions is one of the reasons for the 30% to 40% drop in sales of new policies by intermediaries. Service, with a focus on what the customer actually needs rather than promoting products, is the only way for an insurance company to distinguish itself from the competition and truly add value. Customers are showing hybrid behaviour. They use multiple channels and needs are different in each customer segment.

Financial results

Net results
The net results increased by € 92 million from € 275 million to € 367 million. The improvement is due to a reduction in operating expenses. Investment returns also increased, partly due to the second and third placement of the Dutch Prime Retail Fund and the sale of a share of the residential real estate portfolio.

Operating expenses
In 2013, operating expenses decreased by € 24 million, reaching € 199 million (2012: € 223 million) and the cost-premium ratio improved by 0.4%-point to 11.6%. Operating expenses therefore declined faster than premium income, which was realized by a reduction in internal FTE, outsourcing activities and lower marketing expenses, among other factors.

Gross premiums written
In the Life segment, gross premiums written declined from € 1,891 million to € 1,666 million, a 12% decrease.

The decline is in line with the market and attributable to a 28% decrease in new single premiums sold and an 8% decrease in regular premiums. This decline is due, in part, to the ban on commissions in the life insurance business that was introduced early in 2013, next to the falling demand for life insurance products and the choice of value over volume. Since 2013, consumers have been required to pay separately for advisory and intermediary services relating to complex financial products, such as life insurance policies. The decline is also due to the deliberate choice of value over volume, as a result of which the Individual Life product group offered immediate annuity/single premium products at less competitive prices and volumes progressively declined.

Premium income in the Pensions business was under pressure and fell by 6%. Most of the existing pension contracts remained in effect thanks to an active retention policy. Late 2013, De Amersfoortse introduced the Werknemers Pensioen (Employee Pension). With this new pension proposition, a.s.r. offers a pension product that is transparent and offers freedom of choice, for both employees and employers. Employees can decide for themselves how much risk they are willing to take. Costs are always low and the policy is fully web-based.

The Institution for Occupational Retirement Provision (IORP), a joint venture between a.s.r. and Brand New Day, continued to grow in 2013. The combination of a clear product, low costs and excellent service appeals to customers. In a competitive market, more than 500 businesses have now signed a pension contract for more than 7,500 members in total. The number of new calls for tenders continues to increase.

Despite difficult market conditions, in the Funeral Insurance business gross premiums written declined to a limited extent (-1%), mainly as a result of the portfolio acquired from de Facultatieve on 1 May 2013. Sales of new policies are under pressure in the funeral insurance market. This is partly due to the ban on commissions that came into effect on 1 January 2013 and independent brokers’ reserve to discuss advisory and management costs with customers. In Q4, Ardanta started providing practical information to customers and others about aspects surrounding a death in the family and funeral arrangements. For instance, via the website Doodgaanendoorgaan.nl, which has been well received in the market and judging from the large number of visitors, clearly meets consumers’ needs.

Achievements in 2013
2012 saw the completion of the programme to compensate unit-linked policy holders in the Individual Life business. In dialogue with the Netherlands Authority for the Financial Markets (AFM), 40,000 customers were approached in 2013 and educated about the value growth in their policy; they were encouraged to make a conscious decision about their future insurance plans. This group of customers will be broadened in 2014. Also in 2013, a start was made with automatically switching customers to a next generation of low-cost mixed funds at no charge. A letter on this topic was sent to 120,000 customers. Over 98% of these customers ultimately approved the switch.

By offering customers a new product, a.s.r. can retain their capital when life insurance policies expire and reach payout. The Direct Ingaande Lijfrente (immediate annuity product) proved to meet a need. In this regard, a.s.r. works in close collaboration with intermediaries to retain customers and offer them appropriate products. Thanks to this active targeting of customers, savings deposits held by a.s.r. Bank rose by nearly € 30 million over a short period of time. What is more, customers have said that they appreciate this supportive approach.

The new Life Contact Centre provides much improved customer service with 40% fewer people. In order to guarantee service continuity and bring about further structural cost reductions, the Life business has outsourced some of its activities. This also helps to make costs more flexible. The entire portfolio, including 40 employees, is involved in this process. Further initiatives will be taken in 2014 to make structural cost reductions. The business was awarded the Keurmerk Klantgericht Verzekeren (Customer-Oriented Insurance Quality Mark) and the integration of the Paerel organization into the life business was completed.

In the Pensions business, a deliberate choice was made for value over volume. Focus was on continuing existing contracts and this strategy was successful. The Werknemers Pensioen (Employee Pension), a defined contribution product offered by De Amersfoortse, was introduced in Q4 2013. As a result, the pensions portfolio is again complete and up-to-date.

Ardanta focuses on existing customers in particular; it provides support to customers who are dealing with a death in the family and have to make funeral arrangements. Consequently, there are now two online channels that account for 15% of premium income. Ardanta launched a website by the name of doodgaanendoorgaan.nl (in Dutch) in 2013. This website educates customers about the practical aspects of funeral arrangements. There is also an option to take out funeral insurance via the website. More than 80,000 visitors have been welcomed to the website since its launch. In addition, a front office was set up to answer any questions customers may have when taking out insurance. Costs, lapses and early surrenders were brought under further control in 2013; in addition, costs were made more flexible, which has resulted in positive net results. The successful acquisition of de Facultatieve insurance portfolio confirms the belief that Ardanta is a strong portfolio consolidator.

Outlook for 2014

Expectations are that the individual life portfolio will show a further decline. The market for mortgage-linked asset-building products will also keep shrinking as a result of a shift to other mortgage types, such as straight-line mortgages and annuity mortgages. Customer retention, further cost cuts and cost flexibility will stay the main priorities in this contracting life market to be able to add value on a sustainable basis. Structural complexity reductions and creating customer loyalty by offering simplicity and convenience, for instance by increasing self-activation and electronic data exchanges, give direction to further developments in a.s.r.'s service provision.

The importance of statutory old-age pension as a basic pension provision is waning because of the rise in life expectancy and increasing ageing. Tax-efficient facilities for top-up pension are being curbed and the percentage of gross salary that can be used for tax-facilitated pension savings will be reduced. Because of more stringent rules, it is likely that a rising number of small pension funds will be prepared to transfer their plan assets and administration to insurance companies because they lack the scale to bear the increasing costs.

Within the Pensions business, the shift from defined benefit to defined contribution plans is expected to continue. The same goes for the shift towards a more individual approach to pensions. Pension products are developing into simple, low-cost products for which service charges and asset management fees are due only; margins on these products will be low for providers.


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2.1.4 Other segment

- The results before tax improved by € 24 million to € -113 million (2012: € -137 million).
- Operating expenses down to € 108 million (2012: € 138 million)
- Sales of new WelThuis mortgages up to € 1,411 million (2012: € 839 million).

Key figures of Other segment, including eliminations (in millions of euros)

	2013	2012[1]
Operating expenses	-108	-138
Provision for restructuring expenses	-3	-5
Results before taxes	-113	-137
Income tax expense	17	112
Net results	-96	-25
Net results attributable to non-controlling interests	5	7
Net results	-91	-18
Net results (reported in 2012)	-	-79

1 In 2013, a change in accounting policies was implemented in relation to the recognition of the a.s.r. pension plan (IAS19R), as a result of which the comparative figures for 2012 of the Other segment were restated. This also affected the consolidated figures for 2012. This change has an accounting effect on the net results, expenses and total equity, as well as impacting return on equity.

Profile
The Other segment comprises the non-insurance business, i.e. the banking operations (a.s.r. Bank and a.s.r. Hypotheken (mortgages)), SOS International (emergency desk), a.s.r. vastgoed ontwikkeling (real estate development) and holding companies. In addition, the Other segment is used to recognize certain holding-related expenses. The Ditzo distribution channel was integrated into the Non-Life segment early in 2013; it no longer falls under the Other segment.

Developments in Other segment
In 2012, a one-off tax credit of € 90 million was recognized in this segment as part of a prior-year tax settlement. Disregarding this tax credit and the impact of IAS19R, the net results in the Other segment increased from € -169 million to € -91 million. The increase was due, among other things, to a better performance by the Banking business, the scaling down of risks and lower losses at a.s.r. vastgoed ontwikkeling (property development). The net results also improved as a result of fewer impairment losses on associates and private loans. In addition, interest paid was lower on an incidental basis including interest accrual on the pension entitlements of a.s.r. employees.

The net results from the Banking business increased thanks to a higher interest margin, lower operating expenses and an increase in sales of new WelThuis mortgages. In 2013, sales of new mortgages amounted to € 1,411 million (2012: € 839 million), nearly doubling a.s.r.'s market share to 4.0% (2012: 2.2%). This makes a.s.r. the sixth largest mortgage lender in the Netherlands. a.s.r. Bank saw its portfolio of savings deposits rise by 10%, reaching € 889 million (2012: € 808 million) due to deposits into the lijfrente opbouwrekening annuity account. An online savings account was introduced in the autumn.

Compared to 2012, a.s.r. vastgoed ontwikkeling had less of a negative impact on the results. This was due, in particular, to fewer impairment losses on land holdings and future construction projects. The strategy to reduce risks in this portfolio was again pursued in 2013. The completion of the IJDock development in Amsterdam marked a milestone in Q4 2013. a.s.r. built a hotel, shops and offices on this peninsula, most of which have now been sold.

Operating expenses
At a.s.r. Bank and in the Mortgage business, a drop in IT and marketing expenses and the reduction in external FTE resulted in lower operating expenses. Together with the effect of Ditzo's transfer from the Other segment to the Non-Life segment, operating expenses for the Other segment were lower, amounting to € 108 million (2012: € 138 million).

Banking
Consumers are showing renewed interest in developing their asset position and income protection at a later age (including pension benefits). a.s.r. is seeing rising demand for low-risk asset products in combination with a preference for protection under the Dutch deposit guarantee scheme. More and more customers consider asset-building and reduction through savings products as a viable alternative to life insurance policies. Examples include tax-facilitated products such as annuity accounts and asset reduction accounts.

That is why a.s.r. Bank introduced two new products in 2013:
- the online annuity savings account (online lijfrente spaarrekening) for structured capital growth in the future;
- the online savings account (online direct internet spaarrekening) for instant access savings and deposits.

These new products have been successful since their launch. As a result, customer deposits have shown a 10% rise, reaching € 889 million.

Property development
In keeping with the strategy of the past few years, a.s.r. vastgoed ontwikkeling (property development) took important steps to reduce risk exposures in its portfolio. Developments have been scaled down, phased out and reduced. The property exposure (balance sheet position plus completion obligations) of the Property Development business was lowered by 25% in 2013; in line with this, total assets, pipeline revenue, the scale of the organization and internal financing were all scaled back in 2013.

Outlook for 2014
a.s.r. Bank will actively continue to roll out online savings products. On the investment front, preparations are in full swing to be able to offer a.s.r. mixed funds with efficient cost ratios to customers in 2014. A new fee structure will be introduced in 2014, based on which investors will be provided a better understanding of the fees associated with holding an account and conducting transactions. The Banking business has now taken steps in developing medium-term and long-term sustainability targets for selecting investments. The sustainability targets will apply to the a.s.r. house funds (for customers) and to portfolio investments alike.

The performance of the property development business will depend on the situation on the retail and residential property markets in the coming year as well. Going forward, property developments will primarily be undertaken in city centres. For this reason, a.s.r. vastgoed ontwikkeling, the Property Development business, has strengthened its strategic focus and expertise in the areas of complex urban development and redevelopment.

2.1.5 Investments

Over the past few years, a.s.r. has pursued an investment policy of de-risking. The exposure to financials and real estate has been drastically reduced, for instance. The main goal of this policy is to protect solvency against the backdrop of economic uncertainties in the wake of the credit and euro crises. Thanks to this policy, the solvency position has been robust for years. In 2013, the investment policy was characterized by stability in the risk profile of the entire portfolio. There have, however, been a few shifts in the portfolio. Put briefly, the share of mortgages has increased while the share of government bonds has fallen. Another shift was that from real estate to equities.

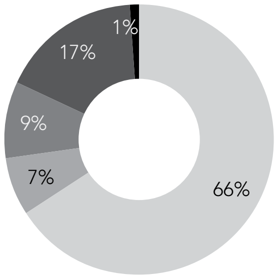
Assets (€ million, fair value)	December 2013	December 2012
Fixed-income securities	18,791	21,425
Equities	2,059	1,735
Real estate	2,742	2,994
Mortgages/other loans	4,909	3,709
Other	228	213
Total investments	**28,729**	**30,077**
Investments on behalf of policyholders	8,049	8,217
Other assets	6,688	7,345
Total assets a.s.r.	**43,466**	**45,639**
Adjustment of fair value versus carrying amount (real estate & loans)	-1,035	-1,156
TOTAL ASSETS a.s.r.	**42,431**	**44,483**

Nearly 75% of the government bond portfolio of € 9.6 billion has been invested in Dutch and German sovereign bonds. In the course of 2013, the exposure to German government bonds was increased at the expense of Dutch debt instruments. At € 36 million, the exposure to government bonds of peripheral eurozone countries remained highly limited. The exposure to financials was reduced by 16%, from € 5.5 billion to € 4.6 billion, in the reporting period. Senior and subordinated bonds, as well as covered bonds were scaled back through exchanges and sales. The fall in exposure to financials was due, in part, to the reclassification of a number of specific bonds from 'bonds issued by financial' to 'government bonds'. The exposure to non-financials was virtually unchanged (+2% at € 3.4 billion).

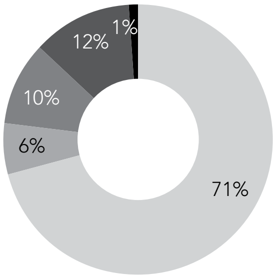
The total fixed-income portfolio was reduced from € 21.4 billion to € 18.8 billion. This drop was attributable to higher interest-rates and an increase in the mortgage portfolio. In 2013, the mortgage portfolio showed a 35% rise, from € 3.5 billion to € 4.8 billion. The interest-rate risk on assets versus liabilities is actively hedged via an overlay portfolio.

The equity portfolio rose from € 1.7 billion to € 2.1 billion, i.e. 19%, thanks to rising share prices and purchases of Dutch and European equities. This limited increase following purchases is in keeping with the policy of selective re-risking. The real estate portfolio showed an 8% fall from nearly € 3.0 billion to just over € 2.7 billion, primarily as a result of disposals.

These steps have clearly benefited a.s.r.'s robust solvency position and reduced the sensitivity of the balance sheet to market risks over the past few years.



Breakdown of investment portfolio at year-end 2013



Breakdown of investment portfolio at year-end 2012

	2013	2012
Fixed income	66%	71%
Equities	7%	6%
Real estate	9%	10%
Mortgages/loans	17%	12%
Other	1%	1%

Property management

a.s.r. vastgoed vermogensbeheer, the Property Development business, invests and manages retail and residential properties, and agricultural land. a.s.r. vastgoed vermogensbeheer seeks stable development of the value of real estate for users, investors and society at large, through active fund, asset and property management.

By creating property funds, a.s.r. wants to increase the flexibility of its investment property portfolio without affecting the portfolio's critical mass that has taken more than a century to build. Boasting funds and in-house asset and property management specialists, a.s.r. vastgoed vermogensbeheer has a lot of experience and a good reputation in the Dutch property market. Some non-strategic residential investment properties were sold in 2013. This sale was in keeping with a.s.r. vastgoed vermogensbeheer's strategy to concentrate the residential portfolio in the strongest economic regions and to rejuvenate the portfolio.

a.s.r. vastgoed vermogensbeheer issued second and third placements of the ASR Dutch Prime Retail Fund in 2013. As a result, the total share of the fund that has been placed since its creation now stands at over € 500 million. The ASR Dutch Prime Retail Fund plans a fourth placement in 2014.

The ASR Dutch Core Residential Fund was created on 1 January 2013. This fund comprises of a portfolio of apartments and single-family homes in the Netherlands with a fair market value of approximately € 750 million. In addition, the value of the pipeline of development and redevelopment projects to be completed in the next few years amounts to some € 75 million.

2.2 Capital management

Capital policy
a.s.r. is committed to maintaining a robust capital base that forms a solid foundation for achieving its corporate targets. The a.s.r. capital policy ensures prudent monitoring and control of its solvency ratios, both at group and divisional level. This makes the effective execution of the capital policy a core task for risk management and one of the priorities of a.s.r. Capital management comprises all activities that focus on controlling, managing and monitoring any available and required solvency.

The capital position is governed by various rules and limits that were instituted to absorb losses and to guarantee financial robustness. Compliance with the rules is monitored and enforced by internal management and control models. In doing so, a.s.r. seeks to optimize its capital position within the parameters set by regulators and stakeholders, actively monitor capital risks and meet the agreed limits. One of the priorities in this regard is satisfying the capital requirement that is needed to be awarded an A rating at a.s.r. level.

The Solvency I rules that are enforced by the regulator form the current regulatory framework. In addition to supervision under Solvency I, the rules and regulations of the Solvency II regime are becoming increasingly clear. Although the effective date for Solvency II has been delayed, this has not stopped a.s.r. from preparing its organization and processes for the introduction of this regime. In mid-2013, the regulator also introduced the theoretical solvency criterion (TSC), which is used to extrapolate a number of risk scenarios in accordance with Solvency II principles ahead of the introduction of Solvency II.

The Solvency II rules require a different methodology for measuring and managing available and required capital. a.s.r. has incorporated this method into its management approach and further tweaked its practical application. a.s.r. regularly measures and manages its available and required capital under Solvency II; this process is an integral part of managing the capital position of a.s.r. as a whole.

In addition to capital management under Solvency II, which is the standard model for European insurers, a.s.r. has also developed its own methodology. This methodology quantifies the integral risk in terms of economic capital (ECAP). The methodology is different from the Solvency II standard model in that it uses self-developed techniques for calculating a limited number of risks. These techniques are a better fit for the specific risks that a.s.r. incurs, and provide a more complete understanding of these risks and the capital that is required to mitigate them. Besides the models mentioned above, this method also forms part of overall capital management. In addition to the Solvency II requirements, the self-developed ECAP method has been cascaded through the organization and integrated into the risk management structure. This system guarantees the transparency of the robust financial position that a.s.r. holds in terms of market value.

The Treasury department is responsible for capital management in the Financial Markets department. As part of the capital management procedures, Treasury is accountable to the a.s.r. risk committee structure that was set up for this purpose. This guarantees its independent position and the segregation of duties, and is in keeping with the a.s.r. governance structure.

Capital and solvency
Equity, including changes in the value of real estate, was up 7%, rising from € 3,537 million to € 3,799 million. This increase was mainly attributable to the net results and increases in gains on unrealized changes in the value of equities and fixed-income securities. The fair market value of investment property exceeded its carrying amount by € 784 million, a € 90 million fall on 2012. Disregarding these changes in value, equity increased by 13% to reach € 3,015 million.

DNB solvency (exclusive of the UFR) stood at 268% at year-end 2013 (year-end 2012: 293%). This high solvency ratio is a reflection of a.s.r.'s stable foundation. In accordance with regulatory requirements, the UFR has been applied since June 2012. Disregarding the UFR, the solvency ratio was virtually stable at 236% (2012: 231%).

The sensitivity of the solvency ratio (inclusive of the UFR) to the relevant stress scenarios was unchanged from year-end 2012 (-64%). The sensitivity to fluctuations in share prices grew to a limited extent due to higher exposures to equities as a result of purchases and price increases. Solvency has become less sensitive to changes in spreads. The sensitivity to decreases in the value of real estate dropped to a limited extent (from -15% to -13%), primarily due to sales.

Effect of market risk on solvency ratio

Type of market risk	Scenario	2013 incl. UFR	2012 incl. UFR	2013 excl. UFR	2012 excl. UFR
Equities	-20%	-21%	-19%	-21%	-19%
Interest-rate[1]	+1%/-1%	-20%	-18%	-17%	-32%
Credit spread	0.75%	-23%	-25%	-23%	-25%
Real estate	-10%	-13%	-15%	-13%	-15%
Total before diversification		-77%	-77%	-74%	-90%
Diversification		13%	13%	12%	16%
Total after diversification		-64%	-64%	-62%	-74%

1 For the regulatory solvency ratio including UFR the interest-rate shock +1% has a negative impact. For the regulatory solvency ratio excluding UFR the effect is adverse, the interest-rate shock -1% has a negative impact

IAS 19 revised for accounting for employee pensions came into force on 1 January 2013. As a result of this standard, an amount of € 363 million has been added to the provision for employee pensions with effect from 1 January 2013. Equity, exclusive of changes in the value of real estate, was down from € 2,935 million to € 2,663 million as of that date. IAS 19 revised does not impact the DNB solvency ratio.

Funding

As an insurer, a.s.r. has a relatively limited need for funding. From this perspective and from the viewpoint of risk management, a.s.r. relies on the money and capital markets to a minimal extent. This is in keeping with the prudent policy and financial robustness that a.s.r. pursues.

As access to, and costs associated with, funding channels can range over time, a.s.r. seeks to create a balanced spectrum of funding options. a.s.r. has currently achieved this by keeping its programmes up-to-date both in terms of secured and unsecured financing, so as to ensure access to the money and capital markets, and minimize funding costs.

a.s.r. has more than adequate scope for meeting its minimal funding requirements where appropriate and with the necessary flexibility.

a.s.r. did not raise any additional external financing in 2013. The available financing facilities had not been used at year-end 2013.

The relatively limited funding needs, in combination with the options for raising secured financing, result in ample liquid assets for a.s.r. at this time to carry out its operations.

Dividend

The Executive Board plans to distribute € 99 million in dividend on ordinary shares, a 12% increase on 2012. Similar to last year, this represents 40% of the net results attributable to shareholders.

Ratings

a.s.r. wants to achieve a capital position that merits an A rating from Standard & Poor's.
On 23 August 2012, Standard & Poor's confirmed the A rating of ASR Levensverzekering N.V. and ASR Schadeverzekering N.V. It changed its outlook from negative to stable. These ratings were reconfirmed on 19 June 2013.

The Standard & Poor's ratings were as follows at year-end 2013:

Standard & Poor's ratings	Type	Rating	Outlook	Date
ASR Levensverzekering N.V.	CCR	A	Stable	23 August 2012
ASR Levensverzekering N.V.	FSR	A	Stable	23 August 2012
ASR Schadeverzekering N.V.	CCR	A	Stable	23 August 2012
ASR Schadeverzekering N.V.	FSR	A	Stable	23 August 2012

For Standard & Poor's rating, please log on to the a.s.r. website: www.asr.nl/EN/about-asr

2.3 Risk management

Risk management is an integral part of our daily business activities. a.s.r applies an integrated approach in managing risks, ensuring that our strategic goals (customer interests, financial solidity and efficiency of processes) are maintained. This integrated approach ensures that value will be created by identifying the right balance between risk and return, while ensuring that all obligations towards our stakeholders are met. Risk management enables a.s.r. to identify, measure and manage risks in order to take prompt action in the event of changes in a.s.r's risk profile.

a.s.r. is exposed to the following types of risks: market risk, counterparty default risk, insurance risk, strategic risk and operational risk. The risk appetite is established at both group and legal entity level and includes limits for executing the strategy. The risk environment requires continuous integrated monitoring and assessment of risks in order to understand and manage complex risk interactions across the organization.

The notes to the financial statements contain a detailed description of risk governance, the risk profile and the related trends in 2013 (see page 113).

Risk management in 2013

The objective of the risk committees is to manage the risk profile for a.s.r. group and its product lines and to ensure that the risk profile remains within the risk appetite and the underlying risk tolerances and risk limits. When triggers are hit due, for instance, to an increase in stock market volatility, a downgrade of corporate and government fixed income investments, or low interest-rates, a.s.r. increases the meeting frequency of the risk committees.

The risk appetite describes the level of risk a.s.r. is prepared to take. In 2013, the risk appetite has been further refined. Statements at group level have been enhanced, statements at legal entity level (OTSO - Onder Toezicht Staande Onderneming) have been developed and risk tolerances, limits and targets have been set for all statements. Risks are actively managed to ensure that the risks will stay within the defined limits. The risk appetite is defined for financial and non-financial risks. The risk appetite is defined by the Executive Board and endorsed by the Supervisory Board.

a.s.r. conducts an own risk and solvency assessment (ORSA) annually, or more often when required by significant changes in the risk profile. The ORSA is a tool for risk and capital management. In this assessment, strategic risks are transposed into scenarios. For these scenarios the impact on the balance sheet, the solvency position and the income statement is simulated. Management actions are defined in order to mitigate the effect of the scenarios. In 2013 the ORSA was performed at both group and legal entity level.

a.s.r. participated voluntary in the pilot exercise of DNB for recovery plans in 2013. The goal of the recovery plan is to ensure that a.s.r. has effective plans in place to deal with potential severe financial stress resulting from a wide range of different causes of various circumstances. The recovery plan should enable a.s.r. to significantly reduce the likelihood of failure in such extreme scenarios. The recovery plan will ensure that a.s.r. is better prepared for crisis situations. In 2014, the recovery plan will be further embedded in the organization.

a.s.r. continued to improve its system of internal control. The enterprise wide internal control framework has largely been implemented in the product lines. Operational risks have been identified and assessed and controls are determined and tested from an Enterprise Risk Management perspective. The full implementation of the internal control framework will be finalized in 2014.

In 2013, a.s.r. participated in the Long Term Guarantee Assessment (LTGA) and the 'Theoretic Solvency Criteria' (TSC) assessment of DNB. The LTGA is an assessment of the European Supervisor (EIOPA) to test the impact of the market consistent approach on long term guarantee products.

Management of financial risks in 2013

A robust solvency position takes priority over profit, premium income and direct investment income. The Financial Risk Committee assesses the solvency position and the financial risk profile on a monthly basis. Action is taken where appropriate to ensure that the financial risk profile stays within the parameters that have been defined in the a.s.r. risk appetite.

In 2013, the exposure to market risk changed slightly. The exposure to equities increased gradually as a result of positive revaluations and investments. The hedge of the interest-rate risk was improved over the maturity buckets by restructuring the portfolio of swaps and swaptions. However, this did not impact the sensitivity to a parallel shift of the yield curve. The exposure to (subordinated) financials was selectively reduced. The fall in real estate exposure is in line with the investment policy and was due mainly to the sale of property.

Starting from Q2 2012, DNB has prescribed the application of the UFR to the yield curve used to discount insurance liabilities, meaning that the yield curve at maturities of more than 20 years gradually approaches a level of 4.2%, which signifies an increase. This represents a considerable boost of the solvency position for a.s.r. For the sake of prudence, the solvency position is also assessed exclusive of the UFR.

For the purposes of regulatory solvency and the liability adequacy test, a.s.r. was given permission by the regulator to use the ECB AAA government bond curve for discounting insurance liabilities. In July 2013, France faced a downgrade from rating agency Fitch and lost its triple A status. As a consequence, French government bonds were no longer included in the ECB AAA government bond curve, causing the curve for discounting liabilities to drop and leading to a 20% fall in the regulatory solvency ratio. The permission to use the ECB AAA government bond curve was withdrawn in September 2013 at a.s.r.'s request. Since September, insurance liabilities have been discounted using the swap curve as provided by DNB. The effect of this switch to a new discounting curve is a more stable solvency ratio because much of the interest-rate risk is hedged via an overlay of interest-rate swaps. This ties in better with the valuation of the insurance liabilities. In September 2013, the impact of this switch on the regulatory solvency ratio was estimated at -5%.

a.s.r. periodically assesses whether the technical provisions are sufficient to cover insurance liabilities. These provisions were adequate at year-end 2013. The underlying assumptions for assessing the provision are periodically adjusted to economic and non-economic developments. As a result of the increase in life expectancy, the mortality table used for assessing the provision was updated in 2012.

Management of non-financial risks in 2013

The Non-Financial Risk Committee (NFRC) is mandated by the Executive Board to decide on non-financial risk policies (the Chairman of the NFRC is the COO of the SME insurance market (member of the Executive Board)). The NFRC monitors that non-financial risks are adequately managed, determines non-financial risk limits at group level and monitors that the risk profile stays within the agreed risk limits. If the risk profile exceeds the limits, the NFRC takes mitigating actions. The NFRC reports to the a.s.r. Risk Committee.

The non-financial risk dashboard was further aligned in 2013 to the risk appetite. The non-financial risk dashboard contains key risk indicators. The non-financial risk dashboard is a tool for business units to assess and identify key risks. Furthermore the non-financial risk dashboard gives insight in the risk profile of the business units.

A Control Risk Self-Assessment (CRSA) is conducted annually at all a.s.r. business lines and staff departments. Key risks threatening the achievement of the organization's strategic objectives are taken into account in the CRSA. Following this assessment, every department writes a report outlining all identified key risks and the actions that need to be taken to mitigate these risks. These mitigating actions need to be implemented within a one-year timeframe. This report and the mitigating actions are authorized by the management teams of the business units and the Executive Board. Senior Management annually signs their Management in Control Statement (MCS) which is based on the CRSA. Progress made on the mitigating actions as defined in the CRSA, is monitored on a quarterly basis in the Business Risk Committees and reported to the Non-Financial Risk Committee.

a.s.r. continued to improve its system of internal control. The enterprise wide internal control framework has largely been implemented in the product lines. Operational risks have been identified and assessed and controls are determined and tested from an Enterprise Risk Management perspective. Where needed, plans were devised to further increase their effectiveness. Risk Management will keep monitoring the effectiveness of the controls.

Major risks for 2014

The risk priorities of a.s.r. are defined annually by the Executive Board. Defining risk priorities is a bottom-up process. Risk priorities are based, for instance, on the Control Risk Self Assessments of the business units. Risk Management reports the actual status of the risk priorities and progress of the defined actions in the a.s.r. Risk Committee on a quarterly basis.

The risk priorities defined for 2014 are described below.

Fundamental changes in the insurance market

a. Changes in distribution channel and customer behaviour require a.s.r. to adapt
The diminishing insurance market, changes in customer behaviour and the distribution channel require a.s.r to adapt. In addition, the current market is characterized by fierce competition and a growing focus on price by customers, decreasing margins and premium income.

b. Discrepancy between developments in cost- and sales volumes
Premium income is under pressure as a result of the current economic situation and changing legislation. This pressure can manifest itself in an increase in non-life policy cancellations, loss of retention in the life business and a drop in sales of new insurance contracts. At the same time, the new organizational requirements for insurance companies limit the scalability of departments. It is an increasing challenge to match the planned cost reductions with the decrease in premium income.

Uncertain financial markets and economic climate

The economic climate remains uncertain and forms an unabated high risk for the development of premium and realization of investment returns. Although the risk of unrest in the financial markets remains high, the situation has improved compared to last year. a.s.r. will be vigilant about any developments and has adequate risk control and monitoring in place.

Increased claim culture of society

This risk may manifest itself as a result of an increasing legalization of society and the uncertainty of the current legal disputes of other insurance companies. Court rulings and decisions by arbitration boards may have an industry-wide impact, as well as triggering widespread media attention and evoking negative sentiments among policy holders. This potentially increases the reputation risk for a.s.r. The current transparency dossier has largely been finalized. Although firm compensation agreements have been made with the foundations to compensate policy holders, the risk of new claims is ever-present.

Information security risk

Due to technological developments such as cloud computing, bring your own device, social media and online distribution, further integration of a.s.r. data with the environment is necessary. This requires a.s.r. to constantly stay on top of these developments to anticipate on future cyber-attacks and information security risks and to prevent confidential (financial) information or (client) information is unintentionally available for others. A high level of awareness regarding the use of confidential information and the safeguarding of assets of the company, employees and customer data, is of great importance.

Impact of supervision, laws and regulations

The Dutch insurance market is characterized by a strong increase of regulation. New laws and regulations are introduced rapidly. The increasing pressure from politics and supervisors could have the following implications:

- a.s.r. might suffer reputational damage if it is not able to implement new requirements promptly.
- A substantial part of available capacity is spent implementing new requirements, shifting focus away from the core activities of a.s.r., which are undertaken in the interest of customers.
- Processes will become less efficient and work pressure will increase.
- Fines and legal action will be imposed on a.s.r. if it is unable to implement new requirements promptly.

Solvency II
Solvency II is the regulatory framework for European insurance companies that will replace the current Solvency I regime. The introduction of the new regime is intended to harmonize the European insurance market, increase protection of policyholders and improve risk awareness in both the governance and management of insurance companies. Solvency II sets more sophisticated solvency requirements and will form an integral part of the risk management of insurance companies.

In December 2013, the Council of the EU adopted the Solvency II Directive scheduling the application date of the Solvency II Directive for 1 January 2016. In anticipation of the implementation date of 1 January 2016 EIOPA has published Preparatory Guidelines, in particular regarding Pillar 2 topics such as System of Governance and Forward Looking Assessment of Own Risks and Pillar 3 Reporting guidelines. DNB has adopted these guidelines which apply to Dutch insurance companies as of 1 January 2014.

Solvency II at a.s.r. in 2014
With the introduction of the Preparatory Guidelines and the application date set at 1 January 2016, a.s.r. will continue with the preparations for Solvency II readiness. Priority will be given to implementation of all Preparatory Guidelines to ensure that Solvency II requirements will be implemented in 2016. With another two years to go a.s.r. expects to be ready for the application of the Solvency II Directive as of 1 January 2016.

Highlights in 2013
- Solvency II implementation is on track.
- ORSA has been further developed and is structurally embedded in the business. The ORSA at group level has been performed for the third time. The ORSA was also carried out at legal entity level in 2013. The ORSA at group and legal entity level will be carried out at least once a year.
- Actions taken in 2012 regarding data management were continued in 2013 and a.s.r. decided to develop EIOPA's Quantitative Reporting Templates (QRT) with regard to data management in order to comply with Solvency II.
- a.s.r. performed the first test run of the QRT's in Q4 2013.
- a.s.r. participated in the Long Term Guarantee Assessment (LTGA), organized by EIOPA in 2013. The LTGA assesses the so-called LTG package – a series of selected regulatory measures aimed at ensuring an appropriate supervisory treatment of long-term guarantee products, also under volatile market conditions. Six LTG measures are covered by this assessment, tested in different combinations through a series of 13 quantitative scenarios and tailored qualitative questions. The LTGA technical specifications were adapted by a.s.r. in 2013. The LTGA was carried out for several legal entities.
- ASR Levensverzekering N.V. participated in the Theoretic Solvency Criteria (TSC) assessment organized by DNB (known as Solvency 1,5) in 2013. The TSC is a criterion in addition to current legislation which aims to improve current supervision to become more risk based and forward looking. The outcome of the TSC could indicate whether DNB might be requested to issue a statement of no objection for a specific type of capital extraction.


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

Part III

Corporate Social Responsibility (CSR)

3 Sustainable business practices

a.s.r. takes account of sustainability in its business operations wherever possible. This is in keeping with the role that a.s.r. wants to play in society as a responsible insurer.

a.s.r. has identified five areas of priority within its sustainability policy. These areas are insurance, people, investment, environment and society. The principles and objectives of our sustainability policy are established through dialogue with all stakeholders. a.s.r. maintains close contact with a broad group of external stakeholders, including customers, regulators (AFM and DNB), a.s.r.'s shareholder, politicians and ministers, trade bodies and NGOs.

1 Sustainable insurance company

a.s.r's key task is to offer people certainty in uncertain situations. Financial robustness is inextricably linked to this and is therefore the number one priority. a.s.r. creates insurance products that meet customers' needs and have been tested by a customer panel or a selection of customers. Market surveys and customer panels are just two instruments that a.s.r. uses to find out about its customers' needs.

Ensure that customers can access and understand information is a continual effort. In addition to the customer information improvement plan, which lists all the steps that a.s.r. is making to improve the findability and intelligibility of information, and the approval and review process for new and existing products (PARP – product approval and review process), a.s.r. also achieves this by customer panels. Assurance is provided on the one hand by improving style guides and training courses in B1/Customer-friendly information. On the other hand, a.s.r.'s core values and the various codes of conduct ensure sustainability in attitude and conduct in this area. In 2013, a.s.r. developed a number of new well-aligned products. Furthermore, a.s.r. has received a number of awards and recommendations, illustrating that a.s.r. is on the right track (see 1.3).

Customer focus

The standards of the Customer-Oriented Insurance Quality Mark help a.s.r. to test the level of service provided. In 2013, the Quality Mark was either awarded to, or retained by, the De Amersfoortse, Ditzo and Europeesche Verzekeringen labels despite the more stringent standards. Ardanta met 15 of the 17 standards, but nevertheless failed to retain the quality mark. Worthy of a special mention is the fact that a.s.r. met the requirements of the quality mark for the aspect of Personal Injury, achieving a maximum score of 100%.

Professional oath

The members of the Executive Board, the Supervisory Board and all divisional and department heads of ASR Nederland N.V. took the professional oath early in 2013. By taking this oath, they promised to treat customers fairly, act with integrity and observe all laws, rules, regulations and codes of conduct so as to increase trust in the financial sector.

Customer appreciation rating

a.s.r. uses the Net Promoter Score (NPS) to measure customer perceptions of its products and services, and has the ambition to lead the field by 2015, measured in terms of its NPS compared to its peers. In winter 2012-2013, a.s.r.'s NPS stood at -44. This is fourth place in the rankings of industry peers that a.s.r. compares itself to. It is also the highest score by a.s.r. since the first scoring in 2009. These results are not satisfactory and a.s.r. continues to take action to improve them.

Complaints management

a.s.r. has a team tasked with coordinating complaints management, although actual handling of complaints has been decentralized to the various product lines. The key objectives of complaints management within a.s.r. are as follows:

- a.s.r. provides easy to understand information on its vision and the resolution of the complaint → the complaints procedure, including response times for complaint resolution, can be found at www.asr.nl.
- It should be easy for customers to lodge a complaint → a complaint form can easily be found on the website.

Complaints help a.s.r. to learn from things that go wrong and understand customers better. Customers who submitted a complaint about a.s.r. in 2013 were asked to share their experience about how the complaint had been dealt with. This customer feedback is used where needed to solve customers' problems, to structurally improve service and to develop individual employees' complaint handling skills. This helps reduce repeat occurrences of the same problem, and led to two specific targets for 2013. First, to try to talk more to customers that have made complaints in order to gain a better understanding of the customer's complaint and to ask questions to clarify things. And second, to check after the complaint has been addressed whether the customer also feels that the issue has been resolved. In 2013, we spoke to almost 70% of customers who had made a complaint and more than half of them stated that they felt the matter had been resolved.

A specific example of a change in the way complaints are dealt with, is that the customer is asked, in a personal conversation, whether the case relating to the complaint can be closed.

2 Sustainable employer

At a.s.r., employees are encouraged to develop themselves professionally in line with the ambitions of the organization, and to take ownership of their personal development, career path and ambitions. The goal is to create an inspiring and healthy work environment that fosters the talents of employees and allows them to reach their full potential. The New World of Work (NWW) is one such initiative to create a pleasant working atmosphere at a.s.r. Key reasons for introducing NWW include:

- Employees are better able to find the right balance between work and home life
- Employee motivation is increased
- Energy consumption and carbon emissions are reduced.

By the end of 2013, nearly all employees at the Archimedeslaan in Utrecht had the tools to work independently of time and place. Around 1,000 employees log onto the network remotely each day.

The Engagement Scan is a key indicator of how employees feel about a.s.r. at a time of transition as a.s.r. prepares for the approaching privatization. Engaged employees are an essential condition if a.s.r. is to be an insurer that is trusted by customers. Apart from asking questions about employee engagement, trust and team dynamics, the scan also includes questions relating to how a.s.r. employees ensure that customer interests are met. The outcomes of the Engagement Scan are used to review the past period, but also, and more particularly, to see how employee engagement can be strengthened going forward. To do this, managers and their HR advisors evaluate the Engagement Scan and they attend workshops to prepare for team meetings when the results are discussed with the teams.

In 2013, the Engagement Scan was completed by 86% of employees, and 55.1% stated that they felt committed to a.s.r., compared with 44.4% in 2012. This is the largest increase so far and the highest percentage yet. Furthermore, the proportion of employees who did not feel committed fell by one-third.

New this year were questions on leadership (such as ‘my line manager gives me individual attention’ and ‘within the team, I am not afraid to stand up for myself and my ideas’). These questions all scored 7.9 or higher. This means that there is a good awareness of core values and there is room for individual attention, ideas and dialogue. The questions about treating customers fairly also have an overall positive score, although employees did indicate that the scope to serve customers well in their day-to-day work could be greater.

Diversity

At a.s.r., diversity initiatives come in many forms. Employees are encouraged to be active in all manner of business networks in order to broaden their horizons and advance their personal growth.

a.s.r. believes that diversity within its organization is important and is focused on the recruitment, progression and retention of women in management positions. This illustrates the value that a.s.r. attaches to a diverse organization. The Executive Board has been active in driving this issue forward with initiatives such as extra places for women on trainee and management development programmes, a high-intensity mentoring programme and a special focus on hiring women in management positions.

The objectives for 2013 were:
Senior management: 25%
Middle management: 40%
The proportions of women sitting on the Executive Board and the Supervisory Board of a.s.r. at year-end 2013 were 25% and 50%, respectively. The percentages are the same as in 2012 and are still well above the national average.

ASR Nederland N.V.	2013 number (%)	2012 number (%)
Number of women in the workforce	1,443 (37.3%)	1,612 (37.8%)
Number of women in middle management	227 (26.0%)	226 (26.2%)
Number of women in senior management	25 (25%)	21 (21%)
Number of women on the Executive Board	1 (25%)	1 (25%)
Number of women on the Supervisory Board	2 (50%)	2 (50%)

Talent development and traineeships

The fifth cohort of potentials concluded the Management & Professional Development (MD/PD) programme in 2013. a.s.r. intends to ensure that women make up 50% on every MD/PD programme. There were five MD/PD programmes attended by 29 employees (ten women and 19 men). In other words, the proportion of women in this programme was 35%. The programme focuses not only on growth of employees in management positions, but also on the development of professionals. To qualify for the programme, employees need to have at least a college degree and be acknowledged as high potentials by their manager. This is how they prepare themselves for the next step in their career. Vacancies that used to be difficult to fill are now regularly filled by programme participants. Moreover, the programme encourages cooperation between divisions, because it brings together people who work in different areas of the organization.

The a.s.r. Talent Development Programme is designed specifically for young emerging talents (trainees). The programmes takes two years to complete. The most recent group started in September 2012 and will have completed their training in late 2014. The trainees, who are part-time Business Administration students, rotate between a.s.r. divisions in four modules of six months each, taking on a different role in each module. After their traineeship, most of the trainees are offered a management position, or they are asked to join a specialist team.

Code of conduct

a.s.r. has a code of conduct setting out guidelines on how employees should interact with each other and how to approach specific situations. These include an integrity code, rules on handling price-sensitive information and private investment transactions (insider rules), and a whistle-blowing procedure. a.s.r. also supports the industry's code of ethics (such as the Dutch Code of Conduct for Insurers). There are also internal codes in place relating to various themes, including Customer Due Diligence (know your customer before doing business with them), Intermediaries (including an obligation to report suspicions of inappropriate conduct by an intermediary) and financial services (including a duty of care and an incentives policy).

Sustainable employability

In 2013, a dedicated training budget was made available for all employees with a focus on sustainable employability. All training programmes in this field aim to ensure that employees are more broadly employable and to improve their internal labour market mobility.

Training/workshop/programme	Number of training sessions	Number of participants
Individual career programmes		159
LinkedIn	15	200
Career and mobility	22	224
Applying for a job	8	86
Generation management	2	22
Personal development interviews	2	20
Lifecycle policy	2	18
Networking	6	53
TOTAL	**57**	**772**

3 Sustainable investor

As an institutional investor, one way in which a.s.r. demonstrates its social responsibility is in its use of ethical and sustainability criteria in the investment policy. All investments managed by the Financial Markets department are screened based on the socially responsible investment (SRI) policy, focusing on aspects such as social and environmental criteria. Countries and businesses that do not meet the criteria are excluded. Positive selection takes place where scores on the named aspects are above average. Screening of businesses is based on external, independent research by Vigeo (www.vigeo.com/csr-rating-agency), our screening provider accredited by Arista standards. Furthermore, independent external certification is provided by Forum Ethibel (forumethibel.org/content/home.html) in the form of an annual audit of a.s.r.'s investment portfolio.

In asset management, a.s.r. makes its selection based on best practices and best products in accordance with environmental, social and governance (ESG) criteria. The policy applies to all investments in countries (government bonds) and in businesses (equities and corporate bonds). This means, for instance, that a.s.r. invests more in businesses that score best on the ESG criteria within their branch of industry as long as they match the investment guidelines of the portfolio. a.s.r. also invests in businesses that make a sustainable contribution to society, for instance by processing or recycling their waste, use of clean energies (solar and wind), reducing their environmental impact or energy consumption, and that – just as a.s.r. does – make a contribution to the circular economy. Further expansion took place in 2013, with a third round of investment in waste processing/recycling. A total of € 35 million has now been invested in impact investments. Impact investments are investments made in companies, organizations and funds with the intention to generate a beneficial social and environmental impact, in addition to a financial return.

a.s.r. also implements a strict exclusion policy in relation to controversial activities by countries and businesses. This covers producers of, for example, controversial or offensive weapons, nuclear energy, gambling and tobacco. a.s.r. also requires businesses to comply with international conventions on human rights and labour rights, and applies criteria relating to gender equality, freedom of union and the exclusion of child labour. With regard to investments in sovereign debt, a.s.r. excludes countries that have a poor score in the Freedom in the World Annual Report and the Corruption Perceptions Index. Parts of the SRI policy were expanded and strengthened in 2013; the most recent version of the Sustainable Investment Policy can be found on our website: www.asr.nl/EN/about-asr.

a.s.r. subscribed to the United Nations Principles for Responsible Investment (UNPRI) in 2011. These principles aim to encourage socially responsible investment. More than 95% of external asset managers responsible for a.s.r.'s investments have now also signed the UNPRI. ESG aspects are being incorporated into the investment processes of increasing numbers of external asset managers. a.s.r. has been a signatory to the United Nations Global Compact Principles (UNGC) since 2011. The UNGC asks businesses to embrace, support and implement within their sphere of influence a number of principles relating to human rights, labour standards, the environment and the fight against corruption. a.s.r. also abides by the Sustainable Investment Code of the Dutch Association of Insurers, which came into effect on 1 January 2012. The Code stipulates that the investment policies of members of the Association must take account of environmental, social and corporate governance (ESG) aspects at the entities in which they invest.

Finally, a.s.r. signed the United Nations Principles for Sustainable Insurance (UN PSI) in 2013. These principles were published in 2012 at the UN Conference on Sustainable Development (www.unepfi.org/psi). These have now been signed by 38 insurance companies around the world (reference date: 31 December 2013), including six Dutch insurers. The UN PSI principles are as follows:

1. We will embed in our decision-making Environmental, Social and Governance (ESG) issues relevant to our insurance business (Company Strategy, Risk Management and Underwriting, Product & Service development, Claims Management, Sales & Marketing and Investment Management)
2. We will work together with our clients and business partners to raise awareness of ESG issues, manage risk and develop solutions (Clients & Suppliers, Intermediaries, Reinsurers)
3. We will work together with governments, regulators and other key stakeholders to promote widespread action across society on ESG issues.
4. We will demonstrate accountability and transparency in regularly disclosing publicly our progress in implementing the Principles.

In accordance with the Dutch Corporate Governance Code and a.s.r.'s SRI policy, a voting policy (www.asr.nl/EN/about-asr) has been developed for a.s.r. to fulfil its role as an institutional investor. This voting policy is applied to all internally managed and exchange-traded equities. Voting accountability offers insight into the exercise of a.s.r.'s voting rights at shareholder meetings of its associates.

a.s.r. believes in engagement through constructive dialogue with the businesses it invests in with the aim of increasing shareholder value and social benefit in the long term. If a business has controversial activities and this dialogue does not come to a positive conclusion, this will result in exclusion from the investment portfolio. In 2013, a.s.r. raised issues with a number of businesses for weaknesses relating to respect for human rights and labour rights, and also relating to environmental pollution. Throughout 2013, dialogue was held with around 20 business in which a.s.r. holds shares; this represents almost 50% of the internally managed equities portfolio. In this dialogue (at least once per year), a.s.r. puts the corporate social responsibility policy of these businesses on the executive agenda and addresses any controversial activities. a.s.r.'s input is generally welcomed by the management of these companies as being constructive.

For the third consecutive year a.s.r. achieved third place in the annual survey conducted by the Dutch Association of Investors for Sustainable Development (Dutch acronym: VDBO) among 30 insurers in the Netherlands. Aside from policy, implementation and transparency of investments, VDBO also appraised governance (management and supervision of the investments) for the first time in 2013. a.s.r. was the only insurer to obtain the maximum score for governance.

In September 2013, the Fair Insurance Guide (Eerlijke Verzekeringswijzer) was published for the first time; it is an initiative of Friends of the Earth Netherlands (Milieudefensie), the Dutch Society for the Protection of Animals (Dierenbescherming), Pax for Peace, Oxfam Novib, Amnesty International and the FNV labour organization. The aim of the Fair Insurance Guide (FIG) is to encourage insurers to make their investment policy sustainable and to optimize practical implementation. It includes a comparison of the sustainability aspects of the ten largest life insurance providers in the Dutch market. In the first publication (www.eerlijkeverzekeringswijzer.nl), a.s.r. came in third place among all surveyed insurers and was praised for its policy on weapons. The FIG also conducted a Practical Study of Human Rights among 17 Dutch banks and insurance companies, the results of which were published in December 2013. With a score of 7 out of 10, a.s.r. came joint second, with the FIG remarking that a.s.r. is meeting its responsibilities sufficiently. Following the two FIG publications, a.s.r. consulted with FIG to make further improvements in its socially responsible investment policy. This resulted in a number of useful suggestions for a.s.r. from the six founding organizations. Public responses to the SRI policy received via the website of FIG were followed-up by a.s.r.

ISAE 3402 type II assurance certification

The Financial Markets and Commercial Real Estate and Residential department of a.s.r. (a.s.r. vastgoed vermogensbeheer) are ISAE 3402-certified. An independent auditor performed an audit of the processes of these departments and issued an ISAE 3402 type II assurance certificate. This quality mark is a key indicator that a.s.r. has full and proper insight into the processes involved in investment, including execution and control measures. The Financial Markets department has been awarded ISAE 3402 type II certification every year since 2010. The Commercial Real Estate and Residential department received its certification for the second year running.

Sustainable real estate

a.s.r. vastgoed vermogensbeheer (real estate management) invests in retail units, residential units, offices and agricultural land, and sustainability has been firmly embedded in its business practices. A supplier of green energy has been chosen to service the entire property portfolio. Furthermore, all tenants of a.s.r.'s buildings are encouraged to save energy. Energy consumption is measured with the aim of raising awareness of consumption and, in consequence, reducing consumption.

60% of the residential units in portfolio have an energy performance rating of at least C. This is 15 percentage points more than for the entire Dutch stock. a.s.r. aims to achieve an energy performance rating of at least C for 100% of its residential portfolio by 2020. In 2014, a.s.r. made a start on updating all energy performance ratings issued to date.

60% of the residential units in portfolio have an energy performance rating of at least C

A pilot scheme was launched with retail tenants to work together in the field of sustainability. New tenancy agreements now also include standard arrangements on sustainability issues. These sustainability arrangements relate to the follow subjects:

- maximizing the efficient and frugal consumption of energy and water;
- encouraging the use of environmentally friendly and sustainable materials;
- maximizing segregation of waste;
- encouraging employees to use sustainable means of transport to shopping centres.

a.s.r. also maintains our properties in accordance with specified sustainability criteria. Examples:

- An energy performance rating of A was specified for the renovation of the a.s.r. office in Utrecht.
- The design of the renovated building on the Archimedeslaan obtained a BREEAM certification of Excellent.
- a.s.r. is also making efforts to achieve a BREEAM certification of Excellent for the renovated building on completion.
  BREEAM (Building Research Establishment Environmental Assessment Method) is a system used to classify sustainable construction.
- In Enschede, a.s.r. has had the Klanderij shopping centre classified according to BREEAM criteria. This is the first shopping centre in the Netherlands where not just the general and public spaces have been certified, but also all retail units. The centre was awarded a certification of Good.
- For the renovation of offices in the real estate portfolio (Willemswerf, Rotterdam/Hoogoorddreef, Amsterdam/Pettelaarpark 30, Den Bosch), energy-saving measures were taken, achieving an improvement of two positions in the energy performance rating.
- In 2012, a development of 69 apartments was acquired and, in consultation with the developer, a BREEAM sustainability rating of Very Good was achieved.
- All new building developments are fitted with LED lighting in public areas.

a.s.r. is a member of GRESB, the Global Real Estate Sustainability Benchmark, and in 2013, a.s.r. progressed from Green Starter to Green Talker status. a.s.r. vastgoed vermogensbeheer is also a player in several industry associations to put sustainability on the map.

The residential portfolio is maintained in compliance with the requirements of corporate social responsibility. One way this is achieved is by clustering maintenance tasks and by using only three certified contractors. The reference frameworks are established at the start of the year, allowing the maintenance to be carried out throughout the course of the year without many additional actions. This also makes the administrative actions more efficient (including a reduction in number of invoices, fewer consultation meetings and less paperwork). Since 2011, only FSC-certified timber has been used when kitchens of rental properties are refitted. All removed materials are segregated and recycled.

Similarly, sustainability is important in the developments of a.s.r. vastgoed ontwikkeling, given that they often endure for many generations. In order to control the sustainability of its developments, a.s.r. vastgoed ontwikkeling has embraced an internationally recognized sustainability standard (BREEAM). The BREEAM certificate not only considers the extent of energy savings, it also focuses on elements such as use of materials, health and location. BREEAM certification has now been obtained for a number of completed developments, including a shopping centre in Waddinxveen, which was the first shopping complex in the Netherlands to be awarded this certification. Other developments to be awarded this certification include the Monarch development in The Hague and the Amsterdam Law Courts in the Amsterdam IJDock district.

The BREEAM label is a quality mark that is particularly suited to commercial real estate. For this reason, a.s.r. uses the renowned GPR label for residential developments. Apart from energy efficiency, GPR also addresses environmental impact, healthy living issues in the home and ergonomics.

Land for land

'Land for land' is the motto of an initiative by a.s.r. vastgoed ontwikkeling that compensates for every square metre of development by creating a square metre of new green space. As a property developer, a.s.r. vastgoed ontwikkeling seeks to achieve a planned space in which residents and visitors experience a high quality of life. Green spaces and calm areas are essential components of this. In line with its vision on corporate social responsibility, a.s.r. vastgoed ontwikkeling makes a provision each year for the creation of new natural spaces; the value of this provision is based on overall new development projects. The more residential units and retail units are completed by the developer, the higher the amount that a.s.r. invests in natural spaces under the Land for land programme. In this way, the developer gives an added boost to the quality of the urban environment.

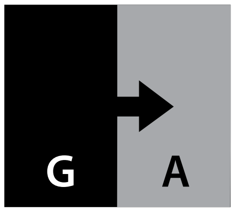
a.s.r. vastgoed ontwikkeling's Land for land programme supports the Utrechts Landschap nature conservation organization with the purchase of land to extend nature conservation areas in the Utrecht province. The focus is on the areas around the edge of the city of Utrecht. The first plots of land (three hectares of natural green space) were purchased in October 2012. In early 2014, Utrechts Landschap made a second purchase with financial support from the Land for land programme. The plot of land purchased totaled almost three hectares, which will make it possible to complete the green corridor from the Kromme Rijn area via Voorveldse Polder and Hooge Kampse Plas to Noorderpark.

4 Sustainable focus on the environment

a.s.r. wants to treat nature and the environment with care and lower its environmental impact, and so uses resources, energy and water efficiently. Furthermore, a.s.r. is actively getting to grips with waste management, mobility, energy reduction and carbon emissions, and for this purpose has developed a dedicated environmental management system. The ESG criteria are fully integrated into a.s.r.'s investment policy.

Resources

In 2010, it was decided to renovate the Archimedeslaan main offices rather than to build a new office. While this is a sustainable option in itself, more important still is that on completion the building will use 50% less energy (with the energy performance rating improving from G to A). Earlier decisions, the benefits of which are still being felt, include the individual login code required to print documents, and the fact that the default setting for the printers is to print double-sided in black and white. Increased use of digital distribution of mail items has also made a contribution.



The renovated a.s.r. building will use 50% less energy (with the energy performance rating improving from G to A)

Reduction in printing

ASR Nederland N.V.	Percentage reduction
Shared service[1] black and white	-13.0%
Shared service colour	-51.2%
Local[2] black and white	-26.5%
Local colour	-28.3%

1 Reproduction services
2 Printers in departments

Energy

In 2008, a.s.r. signed the government's third multi-year plan (MYP3), setting out national agreements between the government and industry on energy savings. a.s.r.'s office at the Archimedeslaan in Utrecht is equipped with a system for Long-Term Energy Storage (Dutch acronym: LTEO), which uses the earth as a source for heating and cooling the building. This system makes a considerable saving on energy costs. The capacity of the system was therefore increased in 2012 to around 1,800 kW.

a.s.r.'s total electricity consumption in 2013 stood at 12,501,815 kWh. Compared to 2012 (15,876,618 kWh exclusive of consumption by Europeesche Verzekeringen) this represents a reduction of 21.3%. Total gas consumption in 2013 stood at 998,746 cubic metres. This is a reduction of 10.3% compared to 2012 (1,113,179 cubic metres).

Waste

a.s.r.'s general principle is to comply with legislation and regulations in relation to waste products. One of the principles set out in the policy is to scale back volumes of waste as far as possible and to recycle as much waste as possible. This policy helped a.s.r. to cut carbon emissions in 2012 by 62%, the equivalent of 697 tonnes of carbon dioxide (the result of 2013 is not yet known). a.s.r.'s waste is processed by SITA, whose data shows that a.s.r. recycles 49% of its waste. Total quantity of waste in 2013: 284,063 kg.

The New World of Work was introduced company-wide at a.s.r. As a result, employees took up digital ways of working, and digitalized their archives as well. Which is why in 2012, there was an increase in paper offered for recycling. Employees cleaned out and minimized the amount of physical files. Working strictly digital is now far more common, which explains the lower recycling numbers over 2013.

Waste type	Number of tonnes in 2013	Number of tonnes in 2012	Used for
Residual waste	114,340	116,710	Energy (green electricity and heat)
Paper and cardboard	118,030	180,270	Raw material for the paper industry
Other	20,460	119,015	Energy (green electricity and heat)
Organic waste	22,350	19,710	Biogas
TOTAL	**284,063**	**444,588**	

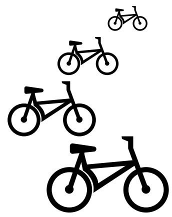
Water

Total consumption in 2013 was 44,621 m³. This compares to 49,674 m³ in 2012 (exclusive of Europeesche Verzekeringen), a reduction by 10.1%.

A reduction in the use of water by 10.1% in 2013

Transport

In many areas, a.s.r. is making efforts to improve the sustainability of employee travel between home and work and also business travel. For instance, the choice of company cars has been limited to those with an A, B or C label. The car-sharing scheme is regularly highlighted and employees from Utrecht and Amersfoort are no longer allowed to park their vehicle at the office building if they live within 10 km by bicycle of their office. The purchase of Utrecht Bereikbaar travel cards (known as Q passes from 2014) is facilitated by a.s.r. These travel cards allow employees to use public transport at a concessionary rate. There are also a number of other schemes to encourage bicycle use, including a tax break on new bicycle purchases, the Rijnsweerd bike hire scheme, an a.s.r. e-bike with charging points in the bike shed, 'Rij 2 op 5' (a bicycle promotion campaign) and a mobile bicycle repairman.



There are a number of schemes to encourage bicycle use

Procurement policy

a.s.r. is committed to the Manifesto on Socially Responsible Procurement and Business Practices (Dutch acronym: MVIO). The manifesto is an initiative by 17 large businesses in the Netherlands (now with 38 participating businesses) and is supported by NEVI, the Dutch Association for Purchasing Management (www.nevi.nl/mvi). Since 1 January 2013, a.s.r. has added social, environmental and economic impact to its procurement criteria. Sustainable procurement is more than just applying criteria in the procurement process; it is also about the choices in business practices that are translated to the works, supplies or services to be purchased.

The implementation of the socially responsible procurement policy focuses on the following aspects:
1. a.s.r. informs suppliers in advance that environmental and social factors are weighed in the selection process;
2. a.s.r. has adopted a set of environmental and social criteria (these are category-specific);
3. a.s.r. challenges its suppliers to come up with alternatives that constitute a better match for today's environmental and social criteria;
4. a.s.r. has signed the Circular Procurement covenant, an initiative of The Circle Economy, De Groene Zaak and MVO Nederland, the national knowledge centre and network organization for corporate social responsibility.

Moreover, a.s.r. wants to ensure that international human rights are respected throughout the production process of the goods and services that are purchased. These sustainability aspects are assessed in all new contracts and contract renewals.

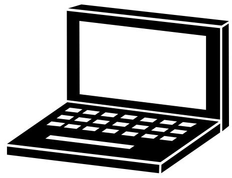
As stated at point 4 above, a.s.r. has signed the GreenDeal manifesto on circular procurement. From 2014 onwards, all tenders will be subjected to a circular procurement test, as is already the case with SRI criteria. There will also be incentives for suppliers of a.s.r. to gain FIRA certification. FIRA is a digital register in which businesses (suppliers) can disclose their CSR performance to customers (i.e. buyers). FIRA acts as an independent verification body.

5 Sustainable corporate social responsibility

'Helping by taking action.' With this motto, a.s.r. wants to encourage and help its employees to give something back to society. It is a two-way street: a civil organization or target group receives help and the team spirit and company pride of a.s.r.'s employees are given a boost.

In 2013, more than 1,000 employees contributed to one of the activities that the a.s.r. Foundation offers. The StimulansPlan was used by 30 employees. This plan allows employees to obtain a financial contribution for any volunteer work they do outside a.s.r. Contributions were made to the RopaRun and the Fly4You foundation, for instance.

More than 40 teams, varying in size, combined a team-building exercise with giving back to the community by doing odd jobs for various organizations, including Kamp Amersfoort and a number of care farms. Other teams helped out with the cooking for users of food banks, or by taking disadvantaged people for a fun day out. Apart from these team activities, a.s.r. Foundation also runs a number of projects of its own. As part of the FeyBlij campaign, for instance, the learning centre of the Giovanni van Bronckhorst Foundation (SV Gio) was given help in the form of used reading books (collected by employees), laptops and items of furniture. There were also projects that employees could sign up for individually. Cycling enthusiasts took part in the Giro Classico, a cycling race through Utrecht province that was organized to help support the Wilhelmina children's hospital. Athletic employees took part in the Run4Water race to raise money for better water facilities for schools in Nepal. Other contributions included a Christmas dinner at Resto Vanharte for residents of the Zonnebloem care centre.



SV Gio was given help in the form of used reading books and laptops


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

Part VI

Executive Board Responsibility Statement

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4 Executive Board Responsibility Statement

The consolidated and company financial statements for 2013 of ASR Nederland N.V., as well as Part I, II and III of the Annual Report, have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and with Part 9, Book 2 of the Netherlands Civil Code.

The Executive Board declares that, to the best of its knowledge:
1. the financial statements give a true and fair view of the assets, liabilities, financial position and earnings;
2. the financial report does not contain any material misstatements and the risk management and control systems functioned properly in the year under review;
3. the Annual Report gives a true and fair view of the situation at the balance sheet date and developments during the year under review; and
4. the Annual Report describes the principal risks that the company faces.

Utrecht, the Netherlands, 1 April 2014

The Executive Board
Jos Baeten
Karin Bergstein
Michel Verwoest
Roel Wijmenga


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

Part V

Report of the Supervisory Board

5.1 Report of the Supervisory Board

5.1.1 Financial statements and profit appropriation

The Executive Board submitted the Report of the Executive Board and the financial statements for 2013 to the Supervisory Board. After having discussed the financial statements with KPMG Accountants N.V. (KPMG), the independent external auditor, the Supervisory Board approved them in its meeting on 1 April 2014. The financial statements were audited by KPMG, who issued an unqualified auditor's report on them. For the independent auditor's report, see page 206. The Supervisory Board established that the external auditor was independent from a.s.r.

The Supervisory Board has presented the financial statements for adoption to the Annual General Meeting of Shareholders (AGM). The Supervisory Board proposes to adopt the financial statements and to discharge the members of the Executive Board for their policies and the members of the Supervisory Board for their supervision of the policies pursued by the Executive Board and of the general conduct of business at the company and its affiliated entities. For the Executive Board's profit appropriation proposal to the AGM, which was approved by the Supervisory Board, see page 211 of this report.

Supervision

The Supervisory Board addressed the following issues:

Routine assets	Specific issues
• Financial performance (quarterly, interim and annual results) • Solvency • Investment plan • Dividend proposal • Multi-year budget • Risk management and risk appetite • Strategy and future exit to private market • Treating customers fairly (TCF) • Compliance reports • Audit reports • Governance • Performance targets of identified staff	• Developments in occupational disability insurance (WGA-ER) • Non-life insurance: product development and developments in combined ratio • Pensions: market developments and new products • Life insurance: after-sales services to unit-linked policyholders • ICT: infrastructure and architecture • Pension plan and pay and benefits of a.s.r. employees • Performance of Supervisory Board and Executive Board • Consolidation relating to SNS REAAL

Financial performance
The quarterly financial performance was a standing agenda item in Supervisory Board meetings. Developments in premium income and the combined ratio were recurring items. The status of cost cuts and improvements in claims management were discussed extensively. Particular focus was placed on developments in the partial incapacity policy excess insurance (WGA-ER) portfolio. In the context of retention of premium income, the members of the Supervisory Board educated themselves broadly about the introduction of new propositions for generating sales of new policies. Opportunities and plans for premium income retention and customer loyalty programmes were also discussed at length with the supervisory directors.

At year end, the Supervisory Board approved the multi-year budget 2014-2018; the supervisory directors considered the budget for the coming years as ambitious and realistic.

Risk management and solvency
The risk appetite, which was approved early in the year by the Supervisory Board for ASR Nederland N.V. and its supervised subsidiaries, acted as an important benchmark for both tactical and strategic decisions. In weighing risk and return, solvency was regarded as a priority over net results and net results as a priority over premium income.

The members of the Supervisory Board are happy about the execution of the risk policy. Solvency levels remain high thanks to the organization's prompt and adequate response to external developments based on the chosen risk appetite and risk-mitigating measures. Where solvency was concerned, the Supervisory Board addressed the decision by DNB with regard to yield curves used in solvency calculations and the future switch to Solvency II, including the minimum solvency requirements under this new regime.

Market developments and strategy
A key issue in the meetings of the Supervisory Board in 2013 was the potential consolidation of the insurance sector and a.s.r.'s possible role in it. Partly at the request of the shareholder, various scenarios were extrapolated for a.s.r.'s future exit to the private market. In addition, developments in the pensions business and the introduction of the new Werknemers Pensioen (Employee Pension) were covered specifically. The supervisory directors are excited about the simplicity, transparency and low costs of this new proposition in the defined contribution market.

Treating customers fairly (TCF)
The members of the Supervisory Board agree with the Executive Board that a.s.r.'s reason for being lies in treating customer fairly and offering customers perceived value. With this in mind, TCF is an explicit theme in the discussion of issues in Supervisory Board meetings. TCF was a central issue, for instance, in discussing after-sales services for unit-linked policyholders, but it also played a prominent role in the debate on topics such as dividend, the new pension proposition and future consolidation options. In order to be able to monitor developments in TCF and customer experience, both internal reports and reports by external regulators were routinely addressed. This helped to keep the members of the Supervisory Board up-to-date on issues such as the outcome of quality mark surveys and Net Promoter scores. The members of the Supervisory Board are pleased with the steps that have been taken to prioritize TCF and they have a positive opinion of progress monitoring based on dashboards.

Risk Management, Integrity and Audit
The Supervisory Board discussed the reports of Risk Management, Integrity and Audit on a quarterly basis. Reports issued by, and findings of, the external regulators were also reviewed extensively. To the satisfaction of the members of the Supervisory Board, the number of problems reported by the departments decreased in the year under review; existing issues were resolved and there were a limited number of new problems. The Supervisory Board will persist in stressing the importance of constant management focus and discipline to continue the policy of resolving issues as they occur.

Governance

On account of an earlier DNB survey of the design and effectiveness of the governance structure and various meetings on this topic with DNB, a final decision was taken at year-end 2013 about the governance structure of a number of licensed subsidiaries. This means that a Supervisory Board was created as of 1 January 2014 for three insurance companies for which DNB had granted a dispensation, i.e. N.V. Amersfoortse Algemene Verzekering Maatschappij, ASR Schadeverzekering N.V. and ASR Levensverzekering N.V. Following this, DNB cancelled the dispensation. It was decided that the members of the Supervisory Board of these subsidiaries would be the same as those serving on the Supervisory Board of ASR Nederland N.V. (see Section 5.1.3 Management and supervision, Procedures, Appointment and reappointment of executive and supervisory directors on page 69).

The Articles of Association were amended following changes in the law (One-Tier Board Act) and as a result of requirements imposed upon the shareholder by the Authority for Consumers & Markets (ACM) on account of the transfer by the State of SNS REAAL to NLFI. The measures were imposed by the ACM so that the financial institutions in which NLFI holds shares will each continue to operate as autonomous entities with independent decision-making powers. The regulations of the Supervisory Board and Executive Board were also updated (see www.asr.nl/EN/about-asr for the Articles of Association and regulations).

Pension plan for a.s.r. employees

Within the scope of cost cuts and market conformity, the Supervisory Board discussed changing the employees' pay and benefits in general and the pension plan in particular. A motion has been prepared to amend the pension plan such that its administration is simplified, and its cost level and cost flexibility are manageable in the long run. These amendments will affect both active members and pensioners; before being implemented in the first half of 2014, the details of the proposed amendments will first be discussed with the trade unions and the Works Council. With these amendments, the pension plan for deferred members will be brought into line with that of active members.

5.1.2 Issues addressed by the committees

Audit & Risk Committee

After the close of each quarter, the Committee meeting addressed the financial performance based on detailed audit and assessment reports. Supplementary to the periodic audit and assessment report, the full financial year 2013 was also discussed based on the report of the Executive Board, the financial statements and the actuarial report. The Committee issued a positive opinion on these issues to the Supervisory Board.

The Audit & Risk Committee also placed specific focus on the effectiveness of the audit, compliance and risk management functions within a.s.r. The Committee covered the audit plans for 2014 of both internal audit and the independent external auditor, and approved them. The Committee also debated and approved the annual plan of the Integrity department and the risk management plan for 2014. Other topics for discussion included the audit reports of the independent external auditor; audit and compliance reports were discussed quarterly. Outside meetings, the Committee met twice with the audit, compliance and risk management functions in their role of countervailing powers.

Early in 2013, the Audit & Risk Committee addressed the risk appetite, based on a detailed risk assessment. The Committee also periodically monitored the status of the risk appetite, using such tools as the Integrated Risk Dashboard and status reports on managing risk priorities. The a.s.r. risk appetite is based on a prudent approach to risk management and transposed into requirements for solvency, liquidity and returns; solvency takes priority over the net results and net results takes priority over premium income. After the Committee had issued a positive opinion, the risk appetite was approved in the Supervisory Board. The multi-year budget 2014-2018, the investment plan and the risk priorities for 2014 were discussed at year end.

During the year, the Committee was concerned with the fundamental changes in the insurance market. Changes in customer behaviours and distribution channels lead to new requirements for the organization. Premium income is being weighed down due, for instance, to the current economic climate and changes in rules and regulations (such as Solvency II). In this stagnating yet changing market, margins are under increasing pressure from fierce competition and rising price awareness among customers.

The Committee considered the changes and improvements introduced within a.s.r. in 2013 sustainable; planned cost savings have been implemented and the organizational structure simplified further. The Committee will closely monitor any new initiatives for 2014 that are designed to match the cost level with the level of premium income. Further cost cuts and cost flexibilization are crucial in this process to allow a.s.r. to continue to compete in the various market segments in which it operates.

In the Committee's opinion, a.s.r. has a solid financial foundation. The solvency ratio is highly robust, both under Solvency I and Solvency II. Sensitivities to fluctuations in the yield curve and changes in possible future stress scenarios within the various investment categories are firmly under control. This strong foundation allows a.s.r. to be responsible about adapting to the changing insurance market.

Acting for the Supervisory Board, the Audit & Risk Committee supervised the performance and independence of the external auditor. In addition, the Audit & Risk Committee spoke about the implications of the changes in the law governing the accounting profession and the continued performance of the audit engagement by the current external auditor over the coming financial years. Under the new Accountancy Profession Act, auditors are no longer permitted to provide non-audit services to audit clients. The Audit department has ceased to prepare periodic reports on all non-audit services provided by the independent external auditor for the Audit & Risk Committee. All assurance engagements not qualifying as audit services are submitted for approval.

The Supervisory Board received the details of the topics for discussion at the same time as the Committee. The written report of the meeting of the Audit & Risk Committee was provided to the Supervisory Board before the start of the next Supervisory Board meeting. The chair of the Committee gave an account of the key issues discussed and the findings and recommendations of the Committee at the beginning of each Supervisory Board meeting.

Selection, Appointment & Remuneration Committee

The Selection, Appointment & Remuneration (SAR) Committee met six times in 2013. In accordance with policy, the Committee advised the Supervisory Board on target-setting, performance appraisals and the ex-post assessment of the variable pay awarded to identified staff.

In Q1 2013, the members of the Supervisory Board, Executive Board and all other policy-makers gathered in a plenary session to take an oath/make an affirmation (see page 75). The Supervisory Board attaches great value to this procedure because it ties in with the change in mentality of a.s.r. employees. The SAR Committee has adopted a procedure to ensure that all new policy-makers take the oath or make the affirmation.

The Committee discussed the Dutch Executives' Pay (Standards) Act on a number of occasions. At a.s.r., it applies to top executives of ASR Aanvullende Ziektekostenverzekering N.V. and ASR Basis Ziektekostenverzekeringen N.V. The remuneration of the employees governed by this Act is within the standards defined.

In a number of meetings, the Committee talked about the plans of the Executive Board to scale back the pay and benefits of a.s.r. employees. As part of this, the costs associated with the a.s.r. pension plan will also be lowered. A final decision on this issue is scheduled to be taken early in 2014. The Committee also covered the remuneration policy of ASR Bank N.V. and aligned it to the comments of DNB in this regard. Identified staff of ASR Bank N.V. no longer receive variable pay; the variable component was converted into a fixed allowance.

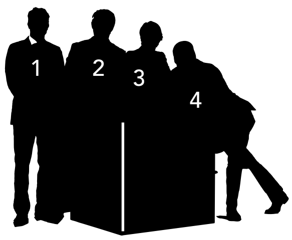
The SAR Committee and the Supervisory Board not only fulfilled their formal role in approving a.s.r.-wide targets, but they also actively offered feedback and suggestions at an early stage to pinpoint customer targets (in particular) as accurately as possible.

No weaknesses were identified during the annual audit of the remuneration policy. Governance, compliance and the effectiveness of the remuneration policy are described properly.
In accordance with the remuneration policy, the Committee sought the advice of the internal control functions Risk Management, Compliance, Audit and Human Resources. The chair of the SAR Committee gave an account of the issues discussed to the Supervisory Board and submitted written reports to the Supervisory Board in a timely manner.

5.1.3 Management and supervision

Composition of the Executive Board and Supervisory Board

All members of the Executive Board and Supervisory Board are Dutch nationals.



1 Michel Verwoest
2 Roel Wijmenga
3 Karin Bergstein
4 Jos Baeten

Members of the Executive Board

J.P.M. (Jos) Baeten (CEO)

Jos Baeten (born 1958) is the Chairman of the Executive Board and Chief Executive Officer (CEO) of a.s.r. His areas of responsibility are Human Resources, Corporate Communications, Strategy, Marketing, Business Support, CSR, Audit, Integrity and Legal.

Jos studied law at Erasmus University Rotterdam and started his career in 1980 when he joined Stad Rotterdam Verzekeringen, one of a.s.r's major predecessors; he was appointed CEO of Stad Rotterdam in 1999. He then joined the Board of Directors of Fortis ASR Verzekeringsgroep N.V., becoming Chairman of the Board of De Amersfoortse Verzekeringen in June 2003. In 2005, he was appointed Chairman of the Board of Directors of Fortis ASR Verzekeringsgroep. He has served as the Chairman of the Executive Board and CEO of a.s.r. since January 2009.

Additional positions

Jos Baeten is a member of the general meeting of the Dutch Association of Insurers, Vice-Chairman of the Supervisory Committee of Gemiva-SVG Groep, an organization providing support to the disabled, and Chairman of the Supervisory Committee of Stichting Rotterdamse Schouwburg (Rotterdam Theatre). In addition, he sits on the General Administrative Board of the Confederation of Netherlands Industry and Employers (VNO-NCW) and is a member of the Advisory Board of ROC Midden-Nederland vocational college.

K.T.V. (Karin) Bergstein

Karin Bergstein (born 1967) is a member of the Executive Board. Her areas of responsibility are the product lines Non-Life, Life, Banking and Funeral and the divisions Intermediary Distribution, Customer Service and Europeesche Verzekeringen.

Karin studied medical biology at Utrecht University and earned an MBA from Nyenrode University and the University of Rochester in the United States. She started her career at ING Bank in 1991, where she held various positions until 2010. Her last position was that of Director of Products & Processes, which gained her a seat on the Executive Board of ING Bank Nederland. She previously also served as CEO of ING Car Lease International. Karin Bergstein was appointed to the a.s.r. Executive Board in September 2011.

Additional positions
Karin Bergstein is a member of the Supervisory Committee of Stichting Sanquin Bloedvoorziening, a blood bank, and of the Supervisory Board of Utrecht University. She also serves as a supervisory director of ArboNed, a nation-wide occupational health and safety board

M.H. (Michel) Verwoest
Michel Verwoest (born 1968) is a member of the Executive Board. His areas of responsibility are the product lines Pensions, Occupational Disability Insurance and Health Insurance. He is also responsible for Property Development, Property Asset Management and Technology & Change (IT&C).

Michel studied marketing at TiasNimbas Business School in Tilburg and business administration at IBO Business School, and held several executive positions at ING Group between 1997 and 2012. Within ING, he served as CEO of RVS Insurance and was in charge of the Individual Life business. His last position within ING Group was that of CEO of Nationale Nederlanden Services/director of Nationale Nederlanden Life. Michel Verwoest was appointed to the a.s.r. Executive Board as of 1 December 2012.

Additional positions
Michel Verwoest is a member of the Board of the Dutch Association of Health Insurers and of Stichting Vrienden van de Gelderhorst, a care provider for elderly deaf people. In addition, he sits on the Advisory Board of Post & Blankestijn, a recruitment and secondment company.

Roel Wijmenga, (CFO)
Roel Wijmenga (born 1957) is a member of the Executive Board. His areas of responsibility are Finance, Accounting, Reporting & Control, Financial Markets and Risk Management.

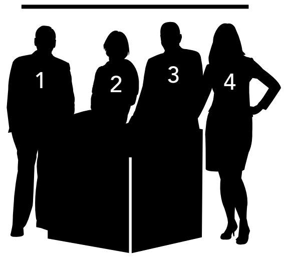
Roel studied econometrics and earned a Ph.D. in economics from Erasmus University Rotterdam. He started his career in insurance at AMEV, one of the legal predecessors of a.s.r., where he held several executive positions until 2003. After having left AMEV, he served as a member of the Executive Board of Interpolis and as CFO/member of the Executive Board of Eureko/Achmea. He was appointed to the a.s.r. Executive Board early in 2009.

Additional positions
Roel Wijmenga is the Chairman of Stichting Certificering Federatie Financieel Planners, a foundation for the certification of financial planners, and a member of the Board of Stichting DSI, a foundation for the promotion and monitoring of the integrity and reliability of financial services providers and compliance professionals. He also serves on the Financial & Economic Committee of the Dutch Association of Insurers.

Education and evaluation
The members of the Executive Board attended three continuing education (CE) sessions in 2013. The first two sessions focused on reputation management and generation management. The third session used game simulations to highlight value management from the perspective of solvency and cyber risks. The Executive Board members also took individual courses as part of the CE programme.

In the second half of 2013, the Executive Board evaluated its performance with the assistance of an external party. Based, in part, on input from supervisory directors and senior managers, it was established that the Executive Board is effective and performs well, although the team is relatively new. On account of recommendations from the evaluation, the Executive Board will try to capitalize even more on the diversity of the team and clarify, to the organization, the steps taken to make a decision.

In addition to the self-evaluation, the performance of the members of the Executive Board was also appraised by the Supervisory Board in 2013 within the scope of the annual appraisal round.



1 Cor van den Bos
2 Margot Scheltema
3 Kick van der Pol
4 Annet Aris

Members of the Supervisory Board

C. (Kick) van der Pol (born 1949)

Chairman of the Supervisory Board
Member of the Selection, Appointment & Remuneration Committee

Kick van der Pol is the Chairman of the Board of Directors of Ortec Finance, Chairman of the Board of the Federation of Dutch Pension Funds and Chairman of the Advisory Board of Syntrus Achmea, a pension administrator. He is also a member of the Bank Council of DNB and a member of the Board of the Confederation of Netherlands Industry and Employers (VNO-NCW). In the past, Kick served as Vice-Chairman of the Executive Board of Eureko/Achmea and as Chairman of the Executive Board of Interpolis.

First appointed on: 15 December 2008
Current term of office: 15 June 2010-15 June 2014

A.P. (Annet) Aris (born 1958)

Chair of the Selection, Appointment & Remuneration Committee

Annet Aris had a 17-year career at McKinsey as a management consultant, nine years of which she served as a partner. She serves as a supervisory director at several Dutch and foreign enterprises and institutions, including at Finnish-based Sanoma Group and German-based Kabel Deutschland AG, Jungheinrich AG, Tomorrow Focus AG and Hansa Heemann AG. Annet is an adjunct professor of strategy at INSEAD international business school (Fontainebleau, France).

First appointed on: 7 December 2010
Current term of office: 7 December 2010-7 December 2014

C.H. (Cor) van den Bos (born 1952)
Chair of the Audit & Risk Committee

Cor van den Bos was on the Executive Board of SNS REAAL N.V. until August 2008; in this position, he was responsible for all insurance operations. He is the Chairman of the Supervisory Board of CED, a claims-processing manager, and of Noordwijkse Woningstichting, a housing corporation. Cor also sits on the Supervisory Boards of NIBE-SVV, a knowledge institute and publisher for the Dutch banking, insurance and investment industry, and Trust Hoevelaken. He is also a Non-Executive Member of the Board at investment firm Kardan.

First appointed on: 15 December 2008
Current term of office: 15 June 2011-15 June 2015

M.A. (Margot) Scheltema (born 1954)
Member of the Audit & Risk Committee

Until 2009, Margot Scheltema served as the Finance Director of Shell Nederland B.V., prior to which she held several international management positions at Shell since 1985. She is a Supervisory Director at Triodos Bank, Schiphol Group, TNT Express, Lonza Group of Basel, Switzerland, and Warmtebedrijf Rotterdam, a heat management company. She is also member of the Supervisory Board of the Rijksmuseum. Margot serves as a council member of the Enterprise Chamber of the Amsterdam Court of Appeal and chairs the Monitoring Committee of the Code of the Pension Funds. She is also a member of the World Press Photo Supervisory Council and the treasurer of Genootschap Onze Taal, a society dedicated to the Dutch language.

First appointed on: 15 December 2008
Current term of office: 15 June 2012-15 June 2016

Composition of the Supervisory Board
The composition of the Supervisory Board is such that each supervisory director should have the skills to assess the main aspects of the overall policy and that the Supervisory Board as a whole meets the profile thanks to a combination of the experience, expertise and independence of the individual supervisory directors.
The Supervisory Board has four members. The Supervisory Board is diverse in terms of the gender and professional background of its members. The diversity of its members guarantees the complementary profile of the Supervisory Board.

Composition of committees
The Audit & Risk Committee has two members, namely Cor van den Bos (chair) and Margot Scheltema. Its meetings are attended by the CFO, the independent external auditor, and the directors of Finance, Audit, Risk Management and Integrity.

The members of the Selection, Appointment & Remuneration Committee are Annet Aris (chair) and Kick van der Pol. Its meetings are attended by the CEO (except when issues relating to the Executive Board are being discussed) and the Human Resources Director, who doubles as secretary of the Committee. The Committee solicits support and advice from departments such as Risk Management, Compliance, Audit and Human Resources. Where needed, the Committee calls in the help of independent legal and pay-and-benefits experts.

Quality assurance of supervisory function

Education and evaluation
Three CE sessions were organized for the members of the Supervisory Board in 2013. These sessions addressed developments in consumer behaviour, developments in rules and regulations, and value management respectively.

The Supervisory Board performs an annual self-evaluation. As part of its self-evaluation in 2013, the Supervisory Board asked for input from the Executive Board and some a.s.r. employees. The outcome of the evaluation was first discussed in the Supervisory Board before being tabled in a meeting between the Supervisory Board and the Executive Board. The overall impression of the Supervisory Board's performance is good; the supervisory directors work well as a team and their relationship with the Executive Board is open and professional. The fact that the Supervisory Board is small makes it easier to respond quickly to developments. The Audit & Risk Committee is effective; the process surrounding preparations by the Selection, Appointment & Remuneration Committee will be improved. Although the supervisory directors are careful to pool information from the two committees, it still proves to be difficult to involve all supervisory directors in specific committee issues.

In addition to the regular and ad-hoc meetings, the Supervisory Board held two sessions with the Executive Board to discuss the personal development and the succession planning of senior managers.

Independence and conflicts of interest
In 2009, Cor van den Bos announced that his role as Chairman of the Supervisory Board of CED might cause a conflict of interest if CED-related issues were to be discussed in the Supervisory Board of a.s.r. This was not the case in 2013.

In 2012, Margot Scheltema announced that her appointment as of 1 January 2013 as a deputy member of the Enterprise Division of the Amsterdam Court of Appeal might cause a conflict of interest. The supervisory directorship did not lead to potential conflicts of interest in 2013.

There were no reports of potential conflicts of interest involving the other supervisory directors. The Supervisory Board has been able to discharge its duties fully independently.

Contacts with the Works Council
Every member of the Supervisory Board attended a regular consultative meeting with the Works Council. The supervisory directors felt that the consultations with the Works Council were constructive and that high-impact issues were discussed in an open and unbiased manner, with regard to the interests of a.s.r. as a whole and those of the employees alike.

Contacts with the shareholder
With effect from 29 September 2011, the shareholder has been represented by Stichting Administratiekantoor Beheer Financiële Instellingen (NLFI), a trust office. The Supervisory Board was in touch with NLFI several times in 2013.

Contacts with the independent external auditor
The independent external auditor attended the meeting in which the Supervisory Board addressed the annual and interim financial results. The independent external auditor was also present at all meetings of the Audit & Risk Committee. The two Supervisory Board members of the Audit & Risk Committee consulted with the independent external auditor once, without the other members of the Committee being present. And the chair of the Audit & Risk Committee consulted with the independent external auditor once outside the presence of the other regular attendants of the Audit & Risk Committee meetings; one of the topics discussed was the auditor's independence.

Contacts with external regulators and internal control functions
The supervisory directors consulted periodically with the Netherlands Authority for the Financial Markets (AFM) and the Dutch Central Bank (DNB). The Audit & Risk Committee spoke twice with the heads of Audit, Integrity and Risk Management (i.e. the internal control functions).

Procedures

Appointment and reappointment of executive and supervisory directors
There were no changes in the composition of the Supervisory Board and the Executive Board in 2013. With a view to the decision to change the governance structure of the supervised subsidiaries, new supervisory directors have been appointed to the different subsidiaries. With effect from 1 January 2014, the four supervisory directors of ASR Nederland N.V. were appointed as members of the Supervisory Board of ASR Levensverzekering N.V., ASR Schadeverzekering N.V.,

N.V. Amersfoortse Algemene Verzekering Maatschappij and Europeesche Verzekering Maatschappij N.V. The four members of the Executive Board were appointed as executive directors under the Articles of Association of these four legal entities as of the same date. The composition of the Supervisory Board of ASR Basis Ziektekostenverzekeringen N.V. and ASR Aanvullende Ziektekostenverzekeringen N.V. changed on 1 January 2014 as well. Kick van der Pol, Annet Aris, Jos Baeten and Michel Verwoest were appointed as supervisory directors.

Meetings of the Supervisory Board and committees

The Supervisory Board met with the Executive Board 11 times during the reporting period. Six meetings were scheduled as regular meetings and five were ad-hoc meetings to discuss specific issues related to a.s.r.'s future privatization. The Supervisory Board also held periodic work planning meetings. Both the Audit & Risk Committee and the Selection, Appointment & Remuneration Committee met six times in 2013.

Attendance record of supervisory directors (plenary sessions and committee meetings)

	Kick van der Pol	Annet Aris	Cor van den Bos	Margot Scheltema
Plenary sessions	11/11	11/11	11/11	10/11
Audit & Risk Committee	-	-	6/6	5/6
Selection, Appointment & Remuneration Committee	6/6	6/6	-	-

5.1.4 Corporate governance

General

The Dutch State became the sole shareholder in ASR Nederland N.V. on 3 October 2008.
On 29 September 2011, the Dutch State transferred all shares in ASR Nederland N.V. to NLFI in exchange for depositary receipts for the shares.

Partial two-tier regime

ASR Nederland N.V. is a two-tier company, subject to the so-called 'partial regime' because the State, in its capacity as a legal person under public law, has provided the entire issued capital for its own account (Section 155a, Book 2 of the Netherlands Civil Code). As a result, the rules for appointing and removing supervisory directors are different from those in effect at companies not subject to the partial two-tier regime. In addition, specific executive decisions mentioned in the law are subject to Supervisory Board approval.

The company has an Executive Board and a Supervisory Board.

Executive Board

The Executive Board is responsible for the day-to-day conduct of business at a.s.r. as a whole, devises the company strategy and formulates policy. To discharge its duties, the Executive Board takes decisions, which are submitted to the Supervisory Board or the AGM for approval where required.

Supervisory Board

The Supervisory Board has every power the law confers upon a Supervisory Board of a two-tier company subject to the partial regime. The Supervisory Board supervises the policy pursued by the Executive Board and the general course of affairs at the company and its group entities, and advises the Executive Board.

Articles of Association and regulations

The current Articles of Association and regulations for the Executive Board and the Supervisory Board have been posted on the corporate website: www.asr.nl/EN/about-asr. ASR Nederland N.V. and the Dutch State signed a covenant earlier that formalizes procedural aspects for information provision and decision-making, and policy and parameters for decisions regarding capital reduction and interim and year-end dividend distributions, among other provisions.

Rules for appointing and removing executive and supervisory directors

The AGM appoints the members of the Supervisory Board on the (non-binding) recommendation of the Supervisory Board. After having heard the Supervisory Board, the AGM is competent to suspend or remove a member of the Executive Board.
The AGM appoints the members of the Supervisory Board on the recommendation of the Supervisory Board. Both the AGM and the Works Council have the right to nominate supervisory directors. The Supervisory Board duly notifies the AGM and the Works Council of when and why they have the right to nominate a supervisory director, and of the profile required of the nominee.

If the nomination is subject to an enhanced right of recommendation as stipulated in Article 17(7) of the Articles of Association, the Supervisory Board also notifies the AGM and the Works Council of this enhanced right. By virtue of the enhanced right of recommendation, one-third of the members of the Supervisory Board is appointed after having been nominated by the Works Council, unless the Supervisory Board raises objections because it expects the recommended person to be unsuitable for the job of supervisory director or because the Supervisory Board will not be properly balanced in terms of its composition if the Works Council's candidate is appointed. The enhanced right of recommendation applied to the appointment of one of the members of the Supervisory Board.

Members of the Supervisory Board can be removed only by the Enterprise Section of the Amsterdam Court of Appeal if they neglect their duties, for other compelling reasons or because of a drastic change in circumstances. In addition, the AGM may oust the full Supervisory Board by adopting a motion of no confidence, resulting in the immediate removal of all supervisory directors. Finally, the Supervisory Board may also suspend an individual supervisory director.

Dutch Corporate Governance Code

Although ASR Nederland N.V. is under no obligation to do so, it endeavours to comply with the Dutch Corporate Governance Code as much as possible. The Code does not apply to ASR Nederland N.V. because its shares or the depositary receipts are not listed.

For an overview of how ASR Nederland N.V. applies the Code, please visit the corporate website (www.asr.nl/EN/about-asr) to view the Dutch Corporate Governance Code. Chapter 7 of this Annual Report describes how a.s.r. applies the Dutch Corporate Governance Code in detail.

Governance Principles for Insurers and the Dutch Banking Code

Banks licensed in the Netherlands have been subject to the Dutch Banking Code since 1 January 2010. This Code, which was drafted by the Dutch Banking Association, contains principles for governance and governance oversight, risk management, audits and remuneration policy. Similar principles have been in force for all licensed insurers with effect from 1 January 2011. They have been formalized in the Governance Principles for Insurers, or the Dutch Insurance Code, which applies to all licensed insurers within ASR Nederland N.V.; the Dutch Banking Code applies to ASR Bank N.V.

ASR Nederland N.V. sees much of its mission, vision and core values reflected in the principles of the Dutch Insurance Code and the Dutch Banking Code, and therefore fully endorses these two Codes. By seeking to achieve its mission, vision and core values, ASR Nederland N.V. wants to contribute to improving the workings of the Dutch financial sector and help restore trust in the financial sector, never losing sight of customer interests. Details on how ASR Bank N.V. applies the Dutch Banking Code can be found in its Annual Report that has been posted online on www.asr.nl/EN/about-asr. Section 7 of this report provides details on how ASR Nederland N.V. meets the Dutch Insurance Code.

Professional oath

The members of the Executive Board, the Supervisory Board and all directors of ASR Nederland N.V. took the professional oath early in 2013. By taking this oath, they promised to treat customers fairly, act with integrity and observe all relevant laws, rules, regulations and codes of conduct so as to help increase trust in the financial sector. With effect from 1 January 2013, all decision-makers working in the financial sector have been under the obligation to take this oath in accordance with the Dutch Oath or Affirmation (Financial Sector) Regulation.

5.1.5 Remuneration policy

The remuneration policy is designed to help achieve a.s.r.'s strategy and business targets. The principles of the policy are preservation and furtherance of the integrity and financial robustness of a.s.r., focus on sustainable, long-term value creation for customers and other stakeholders, management of risks and a transparent policy whose structure and methodology is applicable to a.s.r. as a whole. This policy should allow a.s.r. to attract and retain qualified people.

Governance

The Supervisory Board is responsible for implementing and evaluating the remuneration policy governing the members of the Executive Board as adopted by the AGM. The Executive Board is responsible for adopting, implementing and evaluating the remuneration policy governing other employees. The Supervisory Board approves the remuneration policy for senior management and monitors its implementation by the Executive Board. The Supervisory Board assesses the principles of the remuneration policy for other employees.

Based on the provisions of CRD III, which are enshrined in the Dutch Restrained Remuneration Policy (Financial Supervision) Regulation, a.s.r. has defined a group of identified staff. The remuneration policy governing identified staff is subject to the approval of the Supervisory Board, which also monitors the Executive Board's implementation of this policy. Identified staff are taken to include the members of the Executive Board, senior management and one employee in a higher management position.

Remuneration groups

In its remuneration policy, a.s.r. distinguishes between five groups, as follows:
1. Executive Board
2. Senior management
3. Higher management
4. Back office
5. Front office

Groups 4 and 5 are governed by the industry-wide collective bargaining agreement (CBA) for back-office positions and for front-office positions in the insurance sector respectively, and by the CBAs concluded by a.s.r. itself, i.e.:
- CBA selection system for contract hours and pay-and-benefits package
- CBA job classification and pay structure for back-office positions
- CBA job classification and pay structure for front-office positions

Features of remuneration system

The basis of the remuneration system is the principle that the average level of total pay should be below the median of that of the peer group.

With effect from 2012, all remuneration groups, except for the Executive Board, have been awarded basic and variable pay.

Basic pay

The basic pay awarded to the members of the Executive Board comprises a fixed amount per month. The pay is indexed in accordance with the CBA for the insurance industry.

The basic pay awarded to employees comprises their fixed gross monthly pay, plus 8% holiday allowance and an end-of-year bonus. The level of the basic pay is determined by the weight of an employee's position and the related remuneration group. Any increases in basic pay are linked to the appraisal of how employees perform their duties in general and their compliance with the a.s.r. core values of being personal, approachable and authentic. The objectives pursued as part of how employees perform their duties are based on a.s.r.'s strategic targets, which centre on helping people by taking action and not just talking about winning back trust or treating customers fairly, but actually doing this. This is reflected in KPIs relating to such issues as a customer dashboard, the Keurmerk

Klantgericht Verzekeren (Customer-Oriented Insurance Quality Mark) and the Net Promoter Score. These KPIs form the basis of challenging individual targets.

Variable pay

Of the variable pay component, one-third is determined by an employee's score on individual targets in a calendar year. The remaining two-thirds are determined by the financial performance of a.s.r. measured in terms of financial results and customer appreciation. At the beginning of every calendar year, employees and their managers agree on individual targets that should be achieved during that year. These targets need to reflect a clear focus on improving our customer appreciation rating. The targets to be achieved in terms of financial results and customer appreciation are adopted annually by the Executive Board and the Supervisory Board. These targets are discussed with, and explained to, the Works Council before they are adopted.
Variable pay is a percentage of basic annual pay.

Target group	At target	Maximum
Executive Board	0%	0%
Senior management	45%	60%
Higher management	20%	40%
Back office	9%	18%
Front office	9%	18%

Executive Board

In accordance with the Act limiting the liability of DNB and AFM and prohibiting bonuses at state-aided enterprises, the members of the Executive Board of a.s.r. are not awarded any variable pay as long as a.s.r. falls under the scope of this Act. To somewhat mitigate the resulting loss of income, the Selection, Appointment & Remuneration Committee has proposed to utilize the one-off option offered under the Act to award a temporary personal allowance. By setting the allowance at 16% on average, the Selection, Appointment & Remuneration Committee has deliberately kept it well below the permitted 20%; as a result, the remuneration of the members of the Executive Board is far below the market median. The Supervisory Board has agreed to this proposal. The CEO has not been awarded a personal allowance.

Identified staff

Identified staff are conditionally awarded a material share (i.e. 50%) of their variable pay in the form of cash and non-cash instruments. The conditional variable pay is deferred for three years; a reappraisal is performed at the end of the three-year period, after which the cash component is paid out. The non-cash component is subject to an additional retention period of two years. Some of the unconditional variable pay is paid out in cash right away. The non-cash component of the unconditional variable pay is also retained for two years.

This group is also governed by a claw-back mechanism and a fairness clause, meaning that the Supervisory Board can claw back any variable pay already awarded if it was determined and awarded based on incorrect information. In addition, the Supervisory Board has the right to adjust the level of the conditional variable pay if, unchanged, the payment goes against the principles of reasonableness and fairness.

Target-related pay for front-office staff

In addition to a basic and variable pay component, front-office staff are also awarded target-related pay, which is determined by their individual score on quantitative and qualitative targets. The employee and their manager agree on these targets annually and it is established the following year whether these targets have been achieved. The target-related pay is a percentage of the annual basic pay awarded to the employee. Depending on the position, the target-related pay for a performance 'at target' will amount to 20%, 24% or 30% of the basic pay. The maximum level is 40%, 48% or 60%.

Pension plan

The principal features of the pension plan are as follows:

- Indexed average-pay scheme (indexing became conditional as of 1 January 2013)
- Retirement age: 65
- Partner's pension: 70% of projected old-age pension
- Orphan's pension: 14% of projected old-age pension
- Employee contribution: 6% of pensionable earnings

Pre-pension allowance

All employees who worked at a.s.r. on or after 1 January 2006 will be awarded an allowance under the Dutch Early Retirement, Pension and Life-course Savings Act (Dutch acronym: VPL), under which the standard retirement age was set at 65 as of 1 January 2006. The allowance was originally designed to offer employees the option of saving up for early retirement. Newly hired employees are awarded a 1% allowance on their pensionable income. Employees hired before 2006 come under the transitional facility, which means that they qualify for a pre-pension allowance as well.

5.1.6 Final word from the Supervisory Board

The members of the Supervisory Board would like to express their gratitude for the efforts put in by the members of the Executive Board and the openness that they displayed in their dialogue with the Supervisory Board. The supervisory directors have a positive opinion of how a.s.r. has implemented the planned cost cuts and how it has simplified its organizational structure and processes. Thanks to this firm foundation, a.s.r. will be able to adapt further to the rapid changes in the insurance sector, and to do so responsibly and sustainably.

In the aftermath of a drastic restructuring, which resulted in many colleagues being let go, the Supervisory Board would also like to express its immense appreciation for the commitment and energy that was shown once again by the employees in 2013.

Based on experience gained earlier, the members of the Supervisory Board have every confidence that the Executive Board and the employees alike will continue to apply themselves in 2014 to adapting a.s.r. to the changing market and treating customers fairly every single day, thereby helping a.s.r. to develop into a truly socially relevant insurer.

Utrecht, the Netherlands, 1 April 2014

The Supervisory Board
Kick van der Pol
Annet Aris
Cor van den Bos
Margot Scheltema


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

Part VI

2013 consolidated financial statements ASR Nederland N.V.

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All amounts quoted in the tables contained in these financial statements are in millions of euros, unless otherwise indicated.

Consolidated balance sheet

(before profit appropriation)

	Note	31 December 2013	31 December 2012 restated
Intangible assets	6	253	269
Deferred acquisition costs	7	241	271
Property, plant and equipment	8	97	75
Investment property	9	1,617	1,774
Associates and joint ventures	10	190	213
Investments	11	19,655	20,547
Investments on behalf of policyholders	11	8,049	8,217
Loans and receivables	11	8,484	7,197
Derivatives	11	1,054	2,201
Deferred tax assets	12	228	12
Reinsurance contracts	16	407	445
Other assets	13	639	718
Cash and cash equivalents	14	1,517	2,556
Total assets		**42,431**	**44,495**
Share capital	15	100	100
Share premium reserve		962	962
Unrealized gains and losses	15	583	503
Actuarial gains and losses	15	-107	-224
Other reserves		699	504
Profit for the year		281	316
Total equity attributable to shareholders		**2,518**	**2,161**
Other equity instruments	15	515	515
Equity attributable to holders of equity instruments		**3,033**	**2,676**
Non-controlling interests	15	-18	-13
Total equity		**3,015**	**2,663**
Liabilities arising from insurance contracts	16	23,928	25,440
Liabilities arising from insurance contracts on behalf of policyholders	16	8,992	8,926
Employee benefits	17	2,426	2,548
Provisions	18	38	31
Borrowings	19	88	126
Derivatives	11	535	366
Deferred tax liabilities	12	-	-
Due to customers	20	1,366	1,415
Due to banks	21	677	1,882
Other liabilities	22	1,366	1,098
Total liabilities		**39,416**	**41,832**
TOTAL LIABILITIES AND EQUITY		**42,431**	**44,495**

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

As of 1 January 2013, the amendments to IAS 19 Employee benefits have become effective. The most significant change in the amended standard is the immediate recognition in equity of 'actuarial gains and losses' which were previously reported using the 'corridor method'. Due to the retrospective treatment the comparative figures for 2012 have been restated accordingly (see chapter 2.2).

Consolidated income statement

	Note	2013	2012 restated
Gross premiums written		3,923	4,290
Change in provision for unearned premiums		1	92
Gross insurance premiums	24	**3,924**	**4,382**
Reinsurance premiums		-164	-162
Net insurance premiums		**3,760**	**4,220**
Investment income	25	1,484	1,518
Realized gains and losses	25	486	285
Fair value gains and losses	25	348	569
Result on investments on behalf of policyholders		783	948
Fee and commission income	26	45	69
Other income	27	205	264
Share of profit/(loss) of associates and joint ventures		14	-9
Total income		**3,365**	**3,644**
Insurance claims and benefits	28	-5,122	-5,707
Insurance claims and benefits recovered from reinsurers	28	110	100
Net insurance claims and benefits		**-5,012**	**-5,607**
Operating expenses	29	-547	-587
Restructuring provision expenses		-24	-30
Acquisition costs	30	-455	-584
Impairments	31	-91	-103
Interest expense	32	-357	-403
Other expenses	33	-279	-265
Total expenses		**-1,753**	**-1,972**
Profit before tax		**360**	**285**
Income tax (expense) / gain	34	-84	24
Profit for the year		**276**	**309**
Attributable to:			
- Shareholders		248	282
- Holders of other equity instruments		44	45
- Tax on interest of other equity instruments		-11	-11
Profit attributable to holders of equity instruments		**281**	**316**
Attributable to non-controlling interests		-5	-7
PROFIT FOR THE YEAR		**276**	**309**

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

As of 1 January 2013, the amendments to IAS 19 Employee Benefits have become effective.
Due to the retrospective treatment the comparative figures for 2012 have been restated accordingly (see chapter 2.2).

Consolidated statement of comprehensive income

	2013	2012 restated
Profit for the year	**276**	**309**
Remeasurements of post-employment benefit obligation	156	-299
Income tax on items that will not be reclassified	-39	75
Total items that will not be reclassified to profit and loss	**117**	**-224**
Unrealized change in value of available-for-sale financial assets	-502	1,482
Shadow accounting	620	-916
Segregated investment pools	-34	-32
Share of other comprehensive income of associates and joint ventures	-3	13
Unrealized change in value of cash flow hedges	2	-1
Tax relating to components of other comprehensive income	-3	-117
Total items that may be reclassified subsequently to profit and loss	**80**	**429**
Total other comprehensive income for the year, after tax	**197**	**205**
Total comprehensive income	**473**	**514**
Attributable to:		
- Shareholders	445	487
- Holders of other equity instruments	44	45
- Tax on interest of other equity instruments	-11	-11
Total comprehensive income attributable to holders of equity instruments	**478**	**521**
Attributable to non-controlling interests	-5	-7
TOTAL COMPREHENSIVE INCOME	**473**	**514**

As of 1 January 2013, the amendments to IAS 19 Employee benefits have become effective. Due to the retrospective treatment the comparative figures for 2012 have been restated accordingly (see chapter 2.2).

Shadow accounting allows a recognized but unrealized gain or loss on an asset to be transferred to insurance liabilities (see chapter 2.25).

Consolidated statement of changes in equity

	Share capital	Share premium reserve	Unrealized gains and losses	Actuarial gains and losses	Other reserves	Profit for the year	Equity attributable to shareholders	Other equity instruments	Non controlling interest	Total equity
At 1 January 2012	100	962	74	-	506	212	1,854	515	-4	2,365
Change in accounting policies	-	-	-	-	-109	-	-109	-	-	-109
Restated opening balance 2012	**100**	**962**	**74**	**-**	**397**	**212**	**1,745**	**515**	**-4**	**2,256**
Profit for the year	-	-	-	-	-	316	316	-	-7	309
Total other comprehensive income	-	-	429	-224	-	-	205	-	-	205
Total comprehensive income (restated)	**-**	**-**	**429**	**-224**	**-**	**316**	**521**	**-**	**-7**	**514**
Dividend paid	-	-	-	-	-	-71	-71	-	-	-71
Profit carried over from previous financial year	-	-	-	-	141	-141	-	-	-	-
Discretionary interest on other equity instruments	-	-	-	-	-45	-	-45	-	-	-45
Tax relating to interest on other equity instruments	-	-	-	-	11	-	11	-	-	11
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	-2	-2
AT 31 DECEMBER 2012 (RESTATED)	**100**	**962**	**503**	**-224**	**504**	**316**	**2,161**	**515**	**-13**	**2,663**
At 1 January 2013	100	962	503	-224	504	316	2,161	515	-13	2,663
Profit for the year	-	-	-	-	-	281	281	-	-5	276
Total other comprehensive income	-	-	80	117	-	-	197	-	-	197
Total comprehensive income	**-**	**-**	**80**	**117**	**-**	**281**	**478**	**-**	**-5**	**473**
Dividend paid	-	-	-	-	-	-88	-88	-	-	-88
Profit carried over from previous financial year	-	-	-	-	228	-228	-	-	-	-
Discretionary interest on other equity instruments	-	-	-	-	-44	-	-44	-	-	-44
Tax relating to interest on other equity instruments	-	-	-	-	11	-	11	-	-	11
AT 31 DECEMBER 2013	**100**	**962**	**583**	**-107**	**699**	**281**	**2,518**	**515**	**-18**	**3,015**

The change in accounting policies amounting to -€ 109 million is as a result of the amendment to IAS 19 Employee benefits (see chapter 2.2).

Unrealized gains and losses include shadow accounting adjustments to the insurance liabilities.

The actuarial gains and losses recognized for post-employment benefit obligations (due to the retrospective application of IAS 19 Revised as of 1 January 2012) are included in total equity.

Other reserves amounting to € 699 million (2012: € 504 million) consist primarily of retained earnings. Unrealized gains and losses include shadow accounting adjustments (see chapter 2.25). For more detailed information on the unrealized gains and losses, see chapter 15.2.

Consolidated statement of cash flows

	2013	2012 restated
Cash and cash equivalents as at 1 January	**2,556**	**2,573**
Cash generated from operating activities		
Profit before tax	360	285
Unrealized (gains) losses on investments at fair value through profit and loss	-1	-8
Retained share of profit of associates and joint ventures	13	21
Amortization/depreciation:		
- Intangible assets	21	19
- Deferred acquisition costs	31	91
- Property, plant and equipment	9	12
- Investment property	32	32
Amortization of investments	47	38
Impairments	91	103
Net (increase) decrease in investment property	72	-129
Net (increase) decrease in investments	376	-607
Net (increase) decrease in investments on behalf of policyholders	168	364
Net (increase) decrease in derivatives	1,316	-107
Net (increase) decrease in amounts due from and to customers	-1,251	-751
Net (increase) decrease in amounts due from and to credit institutions	-1,332	168
Net (increase) decrease in trade and other receivables	8	3
Net (increase) decrease in reinsurance contracts	38	18
Net increase (decrease) in liabilities arising from insurance contracts	-892	870
Net increase (decrease) in liabilities arising from insurance contracts on behalf of policyholders	32	-276
Net (increase) decrease in other operating assets and liabilities	187	-104
Income tax received (paid)	-140	118
Cash flows from operating activities	**-815**	**160**
Cash flows from investing activities		
Investments in associates and joint ventures	-4	-35
Proceeds from sales of associates and joint ventures	-	6
Purchases of property, plant and equipment	-50	-20
Purchase of intangible assets	-8	-8
Cash flows from investing activities	**-62**	**-57**

	2013	2012 restated
Cash flows from financing activities		
Repayment of debt certificates	-	-1
Repayment of subordinated debts	-	-20
Proceeds from issues of borrowings	27	51
Repayment of borrowings	-57	-32
Dividend paid	-88	-71
Discretionary interest to holders of equity instruments	-44	-45
Non-controlling interests	-	-2
Cash flows from financing activities	**-162**	**-120**
Cash and cash equivalents as at 31 December	**1,517**	**2,556**
Further details on cash flows from operating activities		
Interest received	1,337	1,366
Interest paid	-260	-288
Dividends received	43	35

1 General information

ASR Nederland N.V., is a public limited company under Dutch law having its registered office located at Archimedeslaan 10, 3584 BA in Utrecht, the Netherlands.

ASR Nederland N.V. and its group companies ('a.s.r.' or 'the group') have a total of 3,789 FTE's internal employees (2012: 4,088) and is a leading insurance company in the Netherlands. In 2013 a.s.r. sold insurance products under the following labels: a.s.r, De Amersfoortse, Europeesche Verzekeringen, Ditzo and Ardanta.

The consolidated 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 financial statements are in millions of euros, unless otherwise indicated.

2 Accounting policies

2.1 General

The consolidated financial statements of a.s.r. have been prepared in accordance with the International Financial Reporting Standards (IFRS) – including the International Accounting Standards (IAS) and Interpretations – as adopted by the European Union (EU).

Pursuant to the options offered by Section 362, Book 2 of the Netherlands Civil Code, ASR Nederland N.V. has prepared its company financial statements in accordance with the same principles as those used for the consolidated financial statements.

The financial statements for 2013 were approved by the Supervisory Board on 1 April 2014 and will be presented to the Annual General Meeting of Shareholders for adoption. The Executive Board released the financial statements for publication on 17 April 2014.

2.2 Changes in accounting policies

Except for the change in accounting policy as a result of the amendment to IAS 19 Employee benefits a.s.r. has prepared its consolidated financial statements in accordance with the same principles for financial reporting, presentation and calculation methods used for the 2012 consolidated financial statements.

Amendment to IAS 19 Employee benefits

As a result of the amendment to IAS 19 Employee benefits which came into effect as of 1 January 2013, € 363 million is added to the provision for employee benefits as of 1 January 2013. Per this date, Equity decreased by € 272 million after tax (€ 91 million) to € 2,663 million.
As a result of the retrospective treatment the amendments are effective as of 1 January 2012 resulting in a restatement of the Balance sheet, Income statement and statement of comprehensive income and the statement of changes in Equity.
As of 1 January 2012, the other reserves (component of total Equity) were reduced by € 109 million (net of taxation). The statement of comprehensive income and the statement of changes in equity have been restated as a result of a change in the actuarial gains and losses as at 31 December 2012 amounting to -€ 224 million.
As of 31 December 2012 the total equity (net of taxation) was reduced € 272 million. The breakdown as shown in the consolidated statement of changes in total equity comprises actuarial gains and losses of -€ 224 million and other reserves amounting to -€ 109 million, which are partially offset by the increase in the profit for the year 2012 amounting to € 61 million.

The amendments to IAS 19 relate primarily to the following components:

- Unrealized actuarial gains and losses which were previously reported using the ‘corridor method’ whereby unrealized actuarial gains and losses remained outside the profit for the year and total equity. As of 1 January 2012, all actuarial gains and losses are recognized directly in ‘Other comprehensive income’ (component of total equity). Also there is a revision in the computation of the unrealized actuarial gains and losses primarily as a result of the manner in which employee contributions are accounted for. The revised unrealized actuarial loss as of 1 January 2012 amounted to € 161 million (31 December 2012: € 299 million).

- When employee benefit plans are modified, all costs resulting from the changes are recognized directly in the income statement. Therefore upon transition the negative past service costs amounting to € 15 million at 1 January 2012 were recognized directly in total equity (31 December 2012: € 87 million).
- The net impact of the above mentioned amendments resulted in a € 146 million increase in the employee benefits provision as of 1 January 2012 (31 December 2012: € 363 million).

The change in accounting policy is applied retrospectively as from 1 January 2012. The detailed impact of the change on the balance sheet and income statement for 2012 are as follows:

	As reported	Changes as a result of IAS 19	After changes
Balance sheet 1 January 2012			
Total equity	2,365	-109	2,256
Employee benefits	2,143	146	2,289
Deferred tax liabilities	69	-37	32
Total assets	**42,078**	**-**	**42,078**
Balance sheet 31 December 2012			
Total equity	2,935	-272	2,663
Employee benefits	2,185	363	2,548
Deferred tax liabilities/(Asset)	79	-91	-12
Total assets	**44,483**	**12**	**44,495**
Income statement 2012			
Other income	183	81	264
Operating expenses	-585	-2	-587
Interest expense	-405	2	-403
Income tax gain/(expense)	44	-20	24
Profit for the year	248	61	309
Profit attributable to holders of equity instruments	255	61	316

These changes have been recognized in the relevant notes to the financial statements.

Other changes

In addition to the amendments to IAS 19 Employee benefits, the following changes in the EU-endorsed IFRS standards and IFRIC interpretations have been effective since 1 January 2013. These changes have no material effect on the total equity or profit for the year of a.s.r.:

- IFRS 13 Fair Value Measurement: This standard explains how to measure fair value for financial reporting purposes and includes additional disclosure requirements. The changes to the extent that they are applicable for financial statements have been included in the 2013 financial statements.
- Annual Improvements to IFRSs 2009-2011 Cycle. The Annual Improvements is a collection of non-urgent amendments to IFRSs, in response to issues addressed during the 2009–2011 cycle.
- Amendments to IAS 1 Presentation of items of other comprehensive income: amends the presentation of items of other comprehensive income.
- Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities and IAS 32 Financial instruments: Presentation - Offsetting financial assets and financial liabilities.
- Amendments to IAS 12 Income Taxes - Deferred Tax: Recovery of Underlying Assets of the carrying

amount of an asset measured using the fair value model in IAS 40 Investment Property will, normally, be through sale.

Changes in the principles for financial reporting
The following changes in the EU-endorsed IFRS standards and IFRIC interpretations are effective from 1 January 2014. These changes have no material effect on the total equity attributable to shareholders or profit for the year of a.s.r.:
- IFRS 10 Consolidated Financial Statements: New consolidation standard that establishes principles for the preparation and presentation of consolidated financial statements when a reporting entity controls one or more investees.
- IFRS 11 Joint Arrangements: This standard describes the accounting for joint arrangements and the classification into two types – joint operations and joint ventures.
- IFRS 12 Disclosure of Interests in Other Entities: Improvements to the disclosure of a reporting entity's interests in other entities. The standard sets out disclosure requirements for reporting entities that have an interest in a subsidiary, joint venture, associate or unconsolidated structured entity.
- IAS 27 Separate financial statements and IAS 28 Investments in associates and joint ventures: Amendments as a result of changes to IFRS 10, 11 and 12 as mentioned above.

2.3 Changes in presentation

In addition to the amendments to IAS 19 Employee benefits, the current presentation differs from last year's presentation in some aspects. Where applicable, in accordance with IFRS, comparative figures have been put in the new presentation format to ensure comparability.

2.4 Basis for consolidation

Subsidiaries
The consolidated financial statements include the financial statements of ASR Nederland N.V. and its subsidiaries. Subsidiaries are those entities over which a.s.r. has direct or indirect power to govern the financial and operating policies ('control'). This is the case if more than half of the voting rights may be exercised or if a.s.r. has control in any other manner. Subsidiaries are fully consolidated from the date on which control is acquired by a.s.r. Subsidiaries are deconsolidated when control ceases to exist.

A subsidiary's assets, liabilities and contingent liabilities are measured at fair value on the acquisition date and are subsequently accounted for in accordance with a.s.r.'s accounting policies, which are consistent with IFRS.

Non-controlling interests are initially stated at their proportionate share in the fair value of the net assets on the acquisition date and are subsequently adjusted for the non-controlling interest in changes in the subsidiary's equity.

Associates
Associates are those entities over which a.s.r. has significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The consolidated financial statements include a.s.r.'s share of profit of associates from the date that a.s.r. acquires significant influence until the date that significant influence ceases.

Upon recognition, investments in associates are initially accounted for at cost price, including any goodwill paid. Subsequent measurement is based on the equity method of accounting. Where the associate's accounting policies are different from a.s.r.'s, carrying amounts have been changed to ensure that they are consistent with the policies used by a.s.r. For details, see chapter 2.16.

Joint ventures
Joint ventures are accounted for using the equity method of accounting. They are recognized from the date that a.s.r. first obtains joint control until the moment that this control ceases.

Intragroup transactions
Intragroup balances and transactions between consolidated group companies are eliminated. Gains and losses on transactions between a.s.r. and associates and joint ventures are eliminated to the extent of a.s.r.'s interest in these entities.

2.5 Estimates and assumptions

The preparation of the 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 of unlisted financial instruments (see chapter 2.8 and 2.17);
- the estimated useful life and residual value of property, plant and equipment, investment property, and intangible assets (see chapter 2.14 and 2.15);
- the measurement of capitalized deferred acquisition costs (see chapter 2.13);
- the measurement of liabilities arising from insurance contracts (see chapter 2.25);
- actuarial assumptions used for measuring employee benefit obligations (see chapter 17);
- when forming provisions, the required estimate of existing obligations arising from past events;
- the recoverable amount of impaired assets (see chapter 2.8, 2.17, and 2.19).

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 are given in the relevant notes to the consolidated financial statements.

2.6 Product classification

Insurance contracts are defined as contracts under which a.s.r. accepts significant insurance risk from policyholders by agreeing to compensate policyholders if a specified uncertain future event adversely affects the policyholder. These contracts are considered insurance contracts throughout the remaining term to maturity, irrespective of when the insured event occurs. In addition, these contracts can also transfer financial risk.

a.s.r. offers non-life insurance contracts and life insurance contracts.

Non-life insurance contracts
Non-life insurance contracts are contracts that provide cover that is not related to the life or death of insured persons. These insurance contracts are classified into the following categories: Accident and Health, Property and Casualty (motor, fire and liability) and Other.

Life insurance contracts
Life insurance contracts (in cash) include savings-linked mortgages, annuities, term insurance policies, savings contracts and funeral insurance contracts. In addition to non-participating life insurance contracts, the insurance portfolio also includes:
- individual and group participating contracts;
- individual contracts with discretionary participation features (see chapter 2.25);
- group contracts with segregated pools with return on investment guarantees.

Life insurance contracts on behalf of policyholders
Claims from these life insurance contracts are directly linked to the underlying investments. The investment risk and return are fully for policyholders (see chapter 2.26). Life insurance contracts for the account and risk of policyholders are generally comprised of contracts where premiums, after deduction of costs and risk premium, are invested in unit-linked funds. For some individual contracts, a.s.r. guarantees returns on unit-linked investment funds. In addition, group life insurance contracts with unguaranteed segregated pools (discretionary self-insurance) are classified as life insurance contracts on behalf of policyholders.

2.7 Segment information

At organizational level, a.s.r.'s operations have been divided into operating segments. These segments are: Non-life, Life and Other. The Non-Life and Life segment comprises all the respective non-life and life insurance entities and their subsidiaries. The segment Other comprises the non-insurance related operations, such as a.s.r. Bank, a.s.r. Hypotheken, a.s.r. Vastgoed Ontwikkeling, SOS International, and several holding companies, including ASR Nederland N.V.

There is a clear difference between the risk and return profiles of these three segments. Intersegment transactions or transfers are conducted at arm's length conditions. For detailed information per segment, see chapter 5, 'Segment information'.

2.8 Fair value of assets and liabilities

The fair value is the price that a.s.r. would receive to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the transaction date in the principal market for the asset or liability, or in the most advantageous market for the asset or liability and assuming the highest and best use for non-financial assets.

Where possible, a.s.r. determines the fair value of assets and liabilities on the basis of quoted prices in an active market. In the absence of an active market for a financial instrument, the fair value is determined using valuation techniques. Although valuation techniques are based on observable market data where possible, results are affected by the applied assumptions, such as discount rates and estimates of future cash flows. In the unlikely event that the fair value of a financial instrument cannot be measured, it is carried at cost.

Fair value hierarchy

The following three hierarchical levels are used to determine the fair value of financial instruments and non-financial instruments when accounting for assets and liabilities at fair value and disclosing the comparative fair value of assets and liabilities:

Level 1. Fair value based on quoted prices in an active market

Level 1 includes assets and liabilities whose value is determined by quoted (unadjusted) prices in the primary active market for identical assets or liabilities.
A financial instrument is quoted in an active market if:
- quoted prices are readily and regularly available (from an exchange, dealer, broker, sector organization, third party pricing service, or a regulatory body); and
- these prices represent actual and regularly occurring transactions on an arm's length basis.

Financial instruments in this category primarily consist of bonds and equities listed in active markets.

Level 2. Fair value based on observable market data

Determining the fair value at Level 2 is based on valuation techniques that use inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices of identical or similar assets and liabilities). These observable inputs are obtained from a broker or third party pricing service and include:
- quoted prices in active markets for similar (not identical) assets or liabilities;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- input variables other than quoted prices observable for the asset or liability. These include interest-rates and yield curves observable at customary intervals, volatility, early redemptions spreads, loss ratio, credit risks and default percentages.

This category primarily includes:
- financial instruments: unlisted fixed-interest preference shares and interest-rate contracts;
- financial instruments: loans and receivables[1] (disclosure);
- other non-financial assets and liabilities[1] (disclosure).

Financial instruments: unlisted fixed-interest preference shares and interest-rate contracts
This category includes unlisted fixed-interest preference shares and interest-rate contracts. The financial instruments valuation techniques use present value calculations and include for derivatives forward pricing and swap models. The observable market data contains yield curves based on company ratings and characteristics of the unlisted fixed-interest preference shares.

Financial instruments: Loans and receivables
The fair value of the loans and receivables is based on the discounted cash flow method. It is obtained by calculating the present value based on expected future cash flows and assuming an interest-rate curve used in the market that includes an additional spread based on the risk profile of the counterparty.

Other non-financial assets and liabilities
For other non-financial assets and liabilities where the fair value is disclosed these fair values are based on observable market inputs, primarily being the price paid to acquire the asset or received to assume the liability at initial recognition, given that the transactions have taken place at an arm's length basis. Where the payment terms are longer than one year valuation techniques using present value calculations are applied using current interest-rates.

Level 3. Fair value not based on observable market data
At Level 3, the fair value of the assets and liabilities is determined using valuation techniques for which significant inputs are not based on observable market data. In these situations, there are can also be marginally active or inactive markets for the assets or the liabilities. The financial assets and liabilities in this category are assessed individually.
Valuation techniques are used to the extent that observable inputs are not available. The basic principle of fair value measurement remains to determine a fair, arm's length price. Unobservable inputs therefore reflect management's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are generally based on the available observable data (adjusted for factors that contribute towards the value of the asset) and own source information.

This category primarily includes:
- financial instruments: private equity investments (or private equity partners);
- investment property and buildings for own use[1] (disclosure);

Financial instruments: private equity investments
The main non-observable market input for the private equity investments is the net asset value of the investment as published by the private equity company (or partner).

Fair value for investment property and buildings for own use
The following categories of investment properties and buildings for own use are recognized and methods of calculating fair value are distinguished:
- residential – based on reference transaction and DCF method;
- retail – based on reference transaction and income capitalization method;
- rural – based on reference transaction and DCF method;
- offices – based on reference transaction and DCF method (including buildings for own use);
- other – based on reference transaction and DCF method;
- under construction – based on both DCF and income capitalization method.

1 For fair value disclosure purposes, which differs from the balance sheet valuation method.

For investment property and buildings for own use the following valuation methods are in place to determine fair value by the external professional appraisers for disclosure purposes:

Reference transactions

Independent professional appraisers use reference transaction of comparable objects to determine the fair value of the property. The reference transactions of comparable objects are generally based on observable data consisting of the land register 'Kadaster' and the rural land price monitor as published by the Dutch government 'grondprijsmonitor' in an active property market and in some instances accompanied by own use information.

The external professional appraisers, appraise the value of the property using the reference transaction in combination with the following valuation methods to ensure the appropriate valuation of the property:

- DCF method;
- income capitalization method.

DCF method

Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on the investment property dependent on the duration of the lease contracts. To these projected cash flow series, a market-derived discount rate is applied to establish the present value of the cash flows associated with the asset. The exit yield is normally separately determined and differs from the discount rate.
The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of investment property. Periodic cash flow is typically estimated as gross income less vacancy (excepting for the rural category), non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

For the categories residential, offices and other in applying the DCF method, the significant inputs are the discount rate and market rental value. These inputs are verified with the following market observable data (that are adjusted to reflect the state and condition, location, development potential etc. of the specific property):

- market rent per square metre for renewals and their respective re-letting rates;
- 10 year discount rate as published by the Dutch Central Bank.

For rural valuations, in applying the DCF method, the significant inputs are the discount rate and market lease values. These inputs are verified with the following market observable data (that are adjusted to reflect the state and condition, location, development potential etc. of the specific property):

- market value per sq. hectare per region in accordance with the 'rural land price monitor';
- 10 year discount rate as published by the Dutch Central Bank.

Income capitalization method

Under the income capitalization method, a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalization rate (the investor's rate of return). The difference between gross and net rental income includes the same expense categories as those for the DCF method with the exception that certain expenses are not measured over time, but included on the basis of a time weighted average, such as the average lease up costs. Under the income capitalization method, over (above market rent) and under-rent situations are separately capitalised.

For Retail valuations, the significant inputs are the reversionary yield and the market or reviewed rental value. These inputs are generally verified with the following observable data (that are adjusted to reflect the state and condition, location, development potential etc. of the specific property):
- market rent per square metre for renewals;
- reviewed rent per square metre (based on the rent reviews performed in accordance with Section 303, Book 7 of the Netherlands Civil).

The fair value of investment property and buildings for own use, are appraised annually. Valuations are performed by independent professional appraisers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the property being valued. Market value property valuations will be prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards, 6th Edition (the 'Red Book'). a.s.r. provides the professional appraisers with adequate information, in order to conduct a comprehensive valuation. At least once every three years a rotation or change in professional appraisers takes place.

The accounting policies for the treatment of investment property and buildings for own use is described in chapter 2.15 and 2.14 respectively. The fair value of investment property and buildings for own use is disclosed in chapter 9.2.

2.9 Transaction date and settlement date

All purchases and sales of financial instruments, which have to be settled in accordance with standard market conventions, are recognized at the transaction date, which is the date on which a.s.r. becomes party to the contractual stipulations of the instrument. Any purchases and sales other than those requiring delivery within the time frame established by regulations or market conventions are accounted for as forward transactions until the time of settlement. For details on these transactions, see chapter 2.20 'Derivatives and hedge accounting'.

2.10 Securities lending

a.s.r. participates in security lending transactions under which collateral is received in the form of securities or cash. Cash received as collateral is recognized on the balance sheet and a corresponding liability is recognized as liabilities arising from securities lending in 'Due to banks'. Securities lent remain on the balance sheet. Securities received as collateral are not recognized in the balance sheet.

2.11 Statement of cash flows

The statement of cash flows classifies cash flows by operating activities, investing activities and financing activities. Cash flows denominated in foreign currencies are converted at the exchange rates applicable on the transaction date.

Cash flows from operating activities are reported using the indirect method. Cash flows from operating activities include operating profit before taxation, adjustments for gains and losses that did not result in income and payments in the same financial year, adjustments for movements in provisions, and accrued and deferred items.

The statement of cash flows recognizes interest received and paid, and dividends received within cash flows from operating activities. Cash flows from purchasing and selling investments and investment property are included in cash flows from operating activities on a net basis. Dividends paid are recognized within cash flows from financing activities.

2.12 Intangible assets

Intangible assets are carried at cost, less any accumulated amortization and impairment losses. The residual value and the estimated useful life of intangible assets are assessed on each balance sheet date and adjusted where applicable.

Goodwill

Acquisitions by a.s.r. are accounted for using the acquisition method. Goodwill represents the excess of the cost of an acquisition over the fair value of a.s.r.'s share of the net identifiable assets and liabilities and contingent liabilities of the acquired company at acquisition date. If there is no excess (negative goodwill), the carrying amount is directly recognized through the income statement. At the acquisition date, goodwill is allocated to the cash-generating units that are expected to benefit from the business combination.

Goodwill has an indefinite useful life and is not amortized. a.s.r. performs an annual impairment test, or more frequently if events or circumstances so warrant, to ascertain whether goodwill has been subject to impairment. As part of this, the carrying amount of the cash-generating unit to which the goodwill has been allocated is compared with its recoverable amount. The recoverable amount is the higher of a cash-generating unit's fair value less costs to sell and value in use. The value in use of a cash-generating unit is the present value of the future cash flows expected to be derived from it. If the recoverable amount is lower than its carrying amount, the difference is directly charged to the income statement as an impairment loss.

In the event of an impairment, a.s.r. first reduces the carrying amount of the goodwill allocated to the cash-generating unit. After that, the carrying amount of the other assets included in the unit is reduced pro rata to the carrying amount of all the assets in the unit.

Value of Business Acquired

The Value of Business Acquired (VOBA) represents the difference between the fair value and the carrying amount of insurance portfolios that have been acquired, either directly from another insurer or through the acquisition of a subsidiary. VOBA is recognized as an intangible asset with a finite useful life and amortized over the term of the current insurance contracts at acquisition date, in conjunction with the corresponding obligations. With regard to VOBA, allowance is made for the outcome of the annual compulsory liability adequacy test (LAT) for insurance contracts (see chapter 2.25). Amortization charges related to VOBA are included in net claims and benefits.

Should VOBA's carrying amount exceed the difference between the carrying amount of the liabilities arising from insurance contracts and the liabilities identified as part of the LAT and no other adjustment is made to the liabilities as a result of the LAT outcomes, VOBA is impaired to a level where the values are equal. This is charged to the income statement as an impairment loss.

2.13 Deferred acquisition costs

Commission fees directly or indirectly related to the acquisition of new or renewal insurance contracts are capitalized to the extent that these acquisition costs ('deferred acquisition costs' or 'DAC') are covered by the estimated future surcharges of the underlying contracts.

Capitalized deferred acquisition costs of insurance products in the Non-life segment are amortized over the period in which the relevant premiums are realized.

Where life insurance contracts are concerned, capitalized deferred acquisition costs are amortized on the basis of the expected premiums or the surcharge included in the premium for repaying acquisition costs. This depends on the type of insurance contract. The expected premiums are estimated on the date of the contract issue. The amortization periods can correspond with the total duration of the premium payments or a shorter period depending on the type of insurance contract.

The value of the capitalized deferred acquisition costs is assessed at each reporting date to ascertain whether there is evidence of impairment, as part of the Liability Adequacy Test (see chapter 2.25). Amortization of deferred acquisition costs is recorded in acquisition costs in the income statement.

2.14 Property, plant and equipment

Property held for own use, buildings under construction for own use and operating assets are recognized at cost, less accumulated depreciation (except for land, which is not depreciated) and/or any accumulated impairment losses. Cost corresponds with the cash paid or the fair value of the consideration given to acquire the asset.

Buildings are depreciated using the straight-line method based on expected useful life, taking into account their residual value. The useful life of buildings is assessed for every individual component (component approach) and is assessed every year. Property is classified into the following components: land, shell, outer layer, systems, fittings and fixtures (both rough finish and detailed finish).

For the maximum useful life of the components, see the table in chapter 2.15. Operating assets are depreciated over their useful lives, which are determined individually (usually between three and five years).

Repair and maintenance costs are charged to the income statement in the period in which they are incurred. Expenses incurred after the acquisition of an asset are capitalized if it is probable that the future economic benefits will flow to a.s.r. and the cost of the asset can be measured reliably.

Accounting for borrowing costs attributable to the construction of property, plant and equipment is the same as accounting for borrowing costs attributable to investment property. For details, see chapter 2.15.

If objective evidence of impairment exists, property, plant and equipment are tested for impairment and if necessary, written down to the fair value of the property, plant and equipment (see chapter 2.8).

2.15 Investment property

Investment property is property held to earn rent or for capital appreciation or both. In some cases, a.s.r. is the owner-occupier of some investment property. If owner-occupied properties cannot be sold separately, they are treated as investment property only if a.s.r. holds an insignificant portion for use in the supply of services or for administrative purposes. Property held for own uses (owner-occupied) is recognized within property plant and equipment.

Investment property is recognized at cost less accumulated depreciation and impairments losses, if any. Buildings are depreciated using the straight-line method based on their expected useful life and taking account of the residual value. Land is not depreciated. The residual value and the estimated useful life are determined separately for every main component (component approach) and assessed at every balance sheet date.

Residential property is generally let for an indefinite period. Other investment property is let for defined periods under leases that cannot be terminated early. Some contracts contain renewal options. Rentals are accounted for as investment income in the period to which they relate.

If there is a change in the designation of property, it can lead to:
- reclassification from property, plant and equipment to investment property: at the end of the period of owner-occupation or at inception of an operating lease with a third party; or
- reclassification from investment property to property, plant and equipment: at the commencement of owner-occupation or at the start of developments initiated with a view to selling the property to a third party.

The following categories of investment property are recognized by a.s.r. based primarily on the techniques used in determining the fair value of the investment property:
- retail;
- residential;
- rural;
- offices;
- other (consisting primarily of parking); and
- investment property under development.

The table below shows the maximum life of components per identified category:

(Expressed in years) Components	Retail	Offices	Residential	Parking	Rural
Land	N.A.	N.A.	N.A.	N.A.	N.A.
Shell	40	50	50	50	50
Outer layer	30	30	40	40	N.A.
Systems	15	20	20	30	N.A.
Fittings and fixtures	10	15	15	15	10

Property under development for future use as investment property is recognized as investment property. Valuation is at cost, including any directly attributable expenditure, less any impairment losses. The depreciation of investment property is recognized in the investment income.

Borrowing costs directly attributable to the acquisition or development of an asset are capitalized. Borrowing costs are capitalized when the following conditions are met:
- expenditures for the asset and borrowing costs are incurred; and
- activities are undertaken that are necessary to prepare an asset for its intended use.

Borrowing costs are no longer capitalized when the asset is ready for use or sale. If the development of assets is interrupted for a longer period, capitalization of borrowing costs is suspended. If the construction is completed in stages and each part of an asset can be used separately, the borrowing costs for each part that reaches completion are no longer capitalized.

If objective evidence of impairment exists, based on the fair value of the investment property, then the investment property is tested for impairment and, if necessary, written down to the fair value of the investment property (see chapter 2.8).

2.16 Associates and joint ventures

Associates

Associates are entities over which a.s.r. has significant influence on operating and financial contracts, without having control. Associates are recognized using the equity method of accounting from the date at which a.s.r. acquires significant influence until the date at which such influence ceases. This means that associates are initially recognized at cost, including any goodwill paid. This value is subsequently adjusted to take account of a.s.r.'s share of the associate's comprehensive income. Comprehensive income is adjusted in accordance with the accounting principles used by a.s.r.

Losses are accounted for until the carrying amount of the investment has reached zero. Further losses are recognized only to the extent that a.s.r. has incurred legal or constructive obligations concerning these associates.

If objective evidence of impairment exists, associates are tested for impairment and, if necessary, written down.

Joint ventures

Joint ventures are contractual arrangements whereby a.s.r. and one or more parties undertake an economic activity that is subject to joint control. Joint control exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

These interests are recognized using the equity method of accounting as applied to associates. The interests are recognized in the financial statements from the date on which a.s.r. first obtains joint control until the date that this joint control ceases.

If objective evidence of impairment exists, joint ventures are tested for impairment and, if necessary, written down.

2.17 Investments

When a.s.r. becomes party to a financial asset contract, the related assets are classified into one of the following categories:
a. financial assets at fair value through profit and loss;
b. loans and receivables;
c. financial assets available for sale.

The classification of the financial assets is determined at initial recognition. The classification depends on the purpose for which the investments were acquired.

a. Financial assets at fair value through profit and loss include:
    1. financial assets classified as held for trading. These financial assets include derivatives that do not qualify for hedge accounting (see chapter 2.20); and
    2. financial assets, designated by a.s.r. as carried at fair value through profit and loss. This option is available whenever:
        a. it eliminates or significantly reduces a measurement inconsistency that would otherwise arise from measuring assets or liabilities on different bases (accounting mismatch); or
        b. a.s.r. manages a group of financial instruments (assets, liabilities or both) on the basis of fair value in accordance with a documented risk management or investment strategy;
        c. the financial assets contain one or more embedded derivatives and a.s.r. does not separate the derivative from the host contract.

Financial assets at fair value through profit and loss are stated at fair value. At initial recognition, transaction costs are expensed in the income statement. Realized and unrealized gains and losses in the fair value are also recognized in the income statement.

b. Loans and receivables are measured at fair value plus transaction costs at initial recognition. They are subsequently measured at amortized cost based on the effective interest-rate method, less impairment losses where deemed necessary (see also chapter 2.19).
   Loans and receivables are accounted for separately under financial assets.

c. Financial assets available for sale are financial assets that are not accounted for as financial assets at fair value through profit and loss, or as loans and receivables. At initial recognition, financial assets available for sale are measured at fair value (including transaction costs). They are subsequently measured at fair value, including any unrealized fair value changes in equity, taking into account any deferred tax liabilities. Financial assets available for sale include equities (ordinary and preference shares), bonds, other fixed-income securities, unit trusts, variable-income securities and interests in investment pools.

For detailed information on the fair value of the financial assets see chapter 2.8.

Impairment of financial assets
At each balance sheet date, a.s.r. assesses whether objective evidence exists of impairment of financial assets. Financial assets at fair value through profit and loss are not subject to impairment testing, because the fair value of these assets reflects any impairment losses.

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. defines as a significant or prolonged decline if the fair value:
- has dropped 25% or more below cost; or
- has dropped below cost for an uninterrupted period of twelve months or longer.

The (fixed income) financial assets available for sale will be tested for impairment if objective evidence exists that the counterparty will default. Objective evidence includes: bankruptcy, financial reorganization or delinquency in payments for more than 30 days. The assessment may also involve circumstances requiring a more detailed estimate, such as in the event of an equity deficit, recurring financial difficulties, downgrading of the credit rating or other creditors reverting to legal action. This assessment takes place at each reporting date in the Level of Concern Committee, where the portfolio managers and analysts assign a level of concern from 'Nil' to 'Three' to each of the fixed income assets. A level of concern 'Nil' means that there is no reason for concern, while a level of concern 'Three' indicates that the situation is critical and that an impairment is highly recommended. The final decision to take an impairment loss on a financial asset or to reverse a prior impairment is taken in the quarterly Impairment Committee, chaired by the director Financial Markets.

Impairment losses are taken directly to the income statement and represent the difference between amortized cost and the fair value at the balance sheet date, net of any previously recognized impairments.

If, at a later stage, the fair value of the financial assets available for sale should increase and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit and loss, the impairment loss is reversed through the income statement. Impairment losses on equities are not reversed, and any increases in fair value are recorded in equity.

2.18 Investments on behalf of policyholders

Investments made for the account and risk of policyholders mainly concern unit-linked insurance contracts. In addition, they concern group contracts with unguaranteed segregated pools (discretionary self-insurance). These investments are carried at fair value. Any realized and unrealized value changes of the investments are recognized in the income statement as gains or losses on investments on behalf of policyholders.

2.19 Loans and receivables

Loans and receivables are measured at amortized cost based on the effective interest-rate method, less impairments where deemed necessary.

Receivables from clients
Receivables from clients are primarily comprised of business loans and mortgage loans.

Receivables from banks
Receivables from banks concern business loans, deposits and the savings portion of mortgages insured by a.s.r.

Trade and other receivables
Trade and other receivables are receivables arising from a.s.r.'s normal business operations.

Impairment of loans and receivables
At each balance sheet date, a.s.r. assesses whether objective evidence of impairment exists of the financial assets classified as loans and receivables.

An individually assessed asset is considered impaired if objective evidence exists that a.s.r. will be unable to collect all the amounts due by the counterparty in accordance with the contractual terms and conditions. The amount of the impairment loss is equal to the difference between the asset's carrying amount and its recoverable amount. The recoverable amount equals the present value of estimated future cash flows, including amounts realized from guarantees and securities furnished, discounted at the financial asset's original effective interest-rate.

Loans and receivables that are not individually significant are grouped on the basis of similar credit risk characteristics.

Impairment based on the collective approach is determined by applying risk models for similar financial assets, taking account of historical information and regularly updated parameters for uncollectibility.

Likely losses in parts of the loan portfolios (IBNR: 'incurred but not reported') are also taken into account.

IBNR is estimated by reference to historical loss patterns. The current economic climate is reflected, and account is taken of potentially higher credit risk based on an analysis of the economic situation.

Impairment losses are charged to the income statement. If, at a later stage, the impairment losses should decrease and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in the impairment loss is recognized in the income statement.

2.20 Derivatives and hedge accounting

Derivatives are primarily used by a.s.r. for hedging interest-rate and exchange rate risks, for hedging future transactions and the exposure to market risks.

Currently only a minor level of cash flow hedge accounting is applied in the relation to property development activities.

At the inception of the hedge, a.s.r. documents the risk management objective and strategy for undertaking the hedge, as well as the relationship between the hedging instrument, the hedged item, and the method for assessing the effectiveness of the hedging transaction. It is also confirmed that the hedge is expected to be effective throughout the hedging period.

The effectiveness of the hedge is assessed on an on-going basis throughout the financial reporting periods for which the hedge was designated. A hedge is considered effective if the change in the fair value or the cash flows of the hedged item is offset by changes in the fair value or the cash flows of the hedging instrument.

Only assets, liabilities, firm commitments or highly probable forecast transactions involving a party external to a.s.r. can be designated as hedged items.

Changes in the fair value of the effective portion of derivatives that have been designated and qualify as cash flow hedges are recognized as an unrealized gain or loss in a separate component of equity. Fair value changes in the ineffective portion are recognized in the income statement. The amounts recorded in equity are reclassified to profit or loss in the same period or periods during which the hedged firm commitment or highly probable forecast transaction affects results.

If a hedge no longer meets the criteria for hedge accounting or is otherwise discontinued, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction or the firm commitment is settled. If the forecast transaction or the firm commitment is no longer expected to take place, any related cumulative gain or loss on the hedging instrument that was reported in equity is recognized in the income statement.

2.21 Reinsurance contracts

Contracts that transfer a significant insurance risk from a.s.r. to third parties are accounted for as reinsurance contracts, and defined as outgoing reinsurance.

The amounts that can be collected from reinsurers are estimated using a method that is in line with the reinsurance contract and the method for determining liabilities arising from reinsurance contracts.

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

At each reporting date, a.s.r. assesses whether objective evidence of impairment exists. If a reinsurance asset is impaired, its carrying amount is reduced to its recoverable amount.

2.22 Other assets

Other assets include accrued investment and interest income, property developments, tax assets and accrued assets.

Property developments consist of property under development commissioned by third parties. Measurement is at cost including any directly attributable costs and construction period interest, less invoiced instalments and impairments. If the contract revenue can be reliably estimated, it is accounted for by reference to the stage of completion, using the percentage of completion method. This does not apply if a.s.r. has transferred the significant risks and rewards relating to the development property to the client. Contract revenue is then accounted for upon completion of the development (completed contract method).

2.23 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, cash collateral and other short-term highly liquid investments with original maturities of three months or less.

2.24 Equity

Share capital and share premium reserve

The share capital disclosed in the balance sheet consists of issued and fully paid-up ordinary shares. The share premium reserve comprises additional paid-in capital in excess of the par value of the shares.

Reserve for unrealized gains and losses

This reserve consists of:
- unrealized gains and losses from financial assets available for sale net of tax and taking account of adjustments due to shadow accounting (see chapter 2.25);
- actuarial gains and losses resulting from the post-employment benefit pension plans (see chapter 2.27);
- the share of unrealized gains and losses of associates and joint ventures held by a.s.r. (see chapter 2.16);

- unrealized gains and losses on the effective portion of cash flow hedges net of tax (see chapter 2.20);
- reserve for discretionary participation features (see chapter 2.25);
- reserve for exchange rate differences arising from financial assets available for sale.

Actuarial gains and losses
Actuarial gains and losses result from the post-employment benefit pension plans (see chapter 2.27).

Other reserves
The other reserves consist of retained earnings.

Non-controlling interest
The non-controlling interest relates to the equity in a consolidated subsidiary not attributable, directly or indirectly, to a.s.r. (see chapter 2.4).

Other equity instruments
This item represents the par value of the other equity instruments, less costs directly attributable to the equity issue and net of tax.

Dividends on ordinary share capital
Dividends on ordinary shares are recognized as a liability and recognized in equity when they are approved by a.s.r.'s shareholders. Interim dividends are recognized in equity when they are paid. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

Discretionary interest on other equity instruments
Discretionary interest on other equity instruments are recognized in equity upon payment.

2.25 Liabilities arising from insurance contracts

General
This includes liabilities arising from insurance contracts issued by a.s.r. that transfer significant insurance risks from the policyholder to a.s.r. These contracts may also transfer financial risk.

Liabilities arising from non-life insurance contracts
These liabilities comprise a provision for claims payments, a provision for current risks, and a provision for unearned premiums. The provision for claims payments is based on estimates of claims payable. Claims payable relate to unpaid claims and claims handling costs, as well as claims incurred but not reported.

The estimates are based on individual assessments of the reported claims, on past experiences and estimates of trends in claims behaviour, social factors, economic factors and relevant court decisions. In the process of determining the liabilities, allowance is made for amounts recoverable from third parties and expected subrogation reimbursements.

Loss obligations in respect of occupational disability are discounted. The recognized provisions are sufficient to cover the cost of claims and claims handling fees. a.s.r. discounts obligations for losses only for claims with determinable and fixed payment terms.

The provision for current risks is based on the estimate of future claims taking into account future premiums.

The provision for unearned premiums is equal to gross unearned premium income less commissions paid. The provision is determined on a time proportional basis.

Liabilities arising from life insurance contracts
Future obligations in respect of policy benefits for life insurance contracts are calculated based on

a net premium method (the present value of future obligations less the present value of future net premiums) using the same principles as for calculating the premium at inception of the insurance contract. A provision for future administrative expenses is recognized for contracts whose future premium payment period is shorter than the future maturity of the insurance policy, or for which no more premiums are paid. A provision is recognized for part of longevity risk associated with life insurance contracts (e.g. group life and annuity contracts), a.s.r. manages the longevity risk exposure in combination with the mortality risk exposure. No addition to the provision for longevity risk is recognized if the outcome of the LAT (see below) indicates that the total amount of the provision is adequate.

Additional provisions are generally recognized for realized gains or losses on financial assets allocated to:
- insurance contracts with participation features;
- non-participating insurance contracts if and to the extent that the current interest-rate is lower than the interest-rate that was used in the pricing principles at inception of the insurance contract.

These financial assets include fixed-income financial assets available for sale, specific financial assets designated at fair value through profit and loss, and specific derivatives designated as held for trading (swaptions and interest-rate swaps). The realized gains or losses are amortized based on the remaining maturity period of the disposed financial assets.

Participating contracts include additional obligations relating to contractual dividends or profit-sharing. These obligations are stated net of capitalized interest-rate rebates. These interest-rate rebates are amortized in accordance with actuarial principles to the extent that the expected surplus interest is achieved.

Reinsurance liabilities
Reinsurance liabilities, with a.s.r. qualifying as the reinsurer and with significant insurance risk being transferred to a.s.r., are accounted for in the same way as regular directly written insurance contracts. They are included under liabilities arising from insurance contracts.

Obligations to insurers where a.s.r. qualifies as the reinsurer, and with no significant insurance risk being transferred to a.s.r., are recognized as debts to policyholders.

Life insurance contracts with a discretionary participation features (DPF)
Under DPF life insurance contracts, policyholders are assigned, in addition to their entitlement to a guaranteed element, an entitlement to a potentially significant additional benefits whose amount or timing is contractually at the discretion of a.s.r. These additional benefits are based on the performance of a specified pool of investment contracts, specific investments held by a.s.r. or on the issuer's net income.

Expected entitlements to discretionary benefits are recorded in equity. Once a decision has been taken for discretionary participation features, any related benefits are recognized as liabilities.

Shadow accounting
Shadow accounting is applied in compliance with IFRS 4 to:
- insurance contracts with participation features;
- non-participating insurance contracts if and to the extent that the current interest-rate is lower than the interest-rate that was used in the pricing principles at inception of the insurance contract.

Shadow accounting allows a recognized but unrealized gain or loss on an asset to affect the measurement of its insurance liabilities in the same way that a realized gain or loss does.

Shadow accounting is applied to unrealized value changes in fixed-income financial assets available for sale, specific financial assets designated at fair value through profit and loss, and specific derivatives designated as held for trading (swaptions and interest-rate swaps).

The related adjustment to the insurance liability is recognized in other comprehensive income if, and only if, the unrealized gains or losses are recognized in other comprehensive income. Unrealized gains and losses on assets at fair value through profit and loss are recognized in the income statement with a corresponding adjustment for shadow accounting in the income statement under 'Net insurance claims and benefits'.

No shadow accounting is applied to:
- impairments;
- revaluations of debt instruments that have been subject to impairment.

Liability Adequacy Test non-life

The Liability Adequacy Test (LAT) is performed at each reporting date to assess the adequacy of insurance liabilities for Non-Life.
Where the Property and Casualty (motor, fire and liability) and Health liabilities business is concerned, the LAT is performed using statistical analyses. Any identified losses are used as a basis for estimating future claims arising from an insurance contract from the portfolio on the balance sheet date. This is the best estimate. An appropriate risk margin is added. The risk margin is determined for each homogeneous risk group using the Cost of Capital (CoC) method that is also used for life. The total of best estimate and risk margin is compared to the technical provision recorded in the balance sheet. The LAT for the disability portfolio is based on cash flow projections using realistic assumptions comparable to the LAT for the life portfolio (see below).

The total of best estimate and risk margin for Non-life segment as a whole, is compared to the technical provision recorded in the balance sheet. If there is a deficiency, the non-life insurance liabilities are increased to adequate levels through a charge to the income statement.

Liability Adequacy Test life

The LAT is performed at each reporting date to assess the adequacy of insurance liabilities. Liabilities are adequate if the technical provision recognized in a.s.r.'s balance sheet for Life segment as a whole at least equals the best estimate of the life insurance liabilities including an appropriate risk margin. If there is a deficiency in the life insurance liabilities are increased to adequate levels through a charge to the income statement.
Also unrecognized gains and losses from relevant assets that are not carried at fair value in the balance sheet are taken into account to the extent these assets are allocated to cover the insurance liabilities. The various elements of the liability adequacy test are further discussed below.

Best estimate

The best estimate of an insurance contract is the net present value of the projected cash flows of benefits and expenses, less the net present value of premiums. These cash flows are estimated using realistic ('best estimate') assumptions in relation to mortality, longevity, lapse rate, expense and inflation. The best estimate assumptions regarding mortality and longevity include recent trend assumptions for life expectancy in the Netherlands, as provided by the Dutch Actuarial Association. The best estimate includes the intrinsic value and the time value of options and guarantees (TVOG: Time Value of Financial Options and Guarantees) and is calculated using stochastic techniques.

Where applicable, the participating features of the insurance contracts, such as profit sharing, are taken into account in the future cash flows. Since 30 September 2013, the cash flows are discounted using the DNB swap curve including the UFR as published by the Dutch Central Bank.

In unit-linked contracts, the best estimate equals the fund value of the contract less the net present value of future margins on mortality and expense. Where unit-linked contracts with a guaranteed minimum benefit on expiration are concerned, the best estimate is increased by a TVOG, i.e. the value of that guarantee in accordance with the Black-Scholes model.

Risk margin

The risk margin is determined for each homogeneous risk group using the CoC method. a.s.r. uses the latest standard Solvency II model, as defined in Long Term Guarantee Assessment (LTGA) specifications, to quantify the risks. The risks that are incorporated in the risk margin are: mortality, longevity, disability, lapse, catastrophe, expense, non-hedgeable financial risk and operational risk. All these risks are projected into the future. The total risk for every future year is determined based on correlations between the risks described in the Solvency II standard model. The projected total risk for every year is multiplied by a cost of capital charge and discounted at the balance sheet date.

Dutch Central Bank Liability Adequacy Test

For the *De Nederlandsche Bank* (DNB, which is the Dutch Central Bank and insurance regulator) solvency (regulatory solvency) a.s.r. uses the Dutch Central Bank Liability Adequacy Test (DNB LAT). As no surrender value floor is applied in the IFRS LAT The LAT used for IFRS purpose ('LAT' or 'IFRS LAT'), as described above, differs from the DNB LAT.
See for further explanation on surrender value floors and prudential filters the 'Wet op het financieel toezicht' (The Dutch Act on Financial Supervision which regulates the supervision of financial institutions in the Netherlands).

Options embedded in insurance contracts

Options embedded in insurance contracts are not stated separately but treated in the same way as the host contract. These options are measured using an adequacy test, taking into consideration the intrinsic value and the time value.

2.26 Liabilities arising from insurance contracts on behalf of policyholders

Liabilities arising from insurance contracts for the account and risk of policyholders mainly concern unit-linked contracts. An investment unit is a share in an investment fund that a.s.r. acquires on behalf of the policyholders using net premiums paid by the policyholders. The gain upon maturity of the contract is equal to the current value of the investment units of that fund. The current value of an investment unit (unit value) reflects the fair value of the financial assets contained within a.s.r.'s investment funds divided by the number of units.

The fair value of the financial liabilities is obtained by multiplying the number of units attributed to each contract holder at the end of the reporting period by the unit value for the same date. Allowance is made also for liabilities arising from technical insurance risks (death, occupational disability).

Some unit-linked contracts include guaranteed benefits at maturity. To cover these guarantees, an additional obligation is recognized in the balance sheet that depends on the current fund value and the level of the guarantee. In determining this obligation actuarial assumptions about future fund developments and mortality are taken into account.

Liabilities arising from insurance contracts on behalf of policyholders also include obligations in connection with savings pools and group pension contracts, with policyholders bearing the investment risk. These liabilities furthermore include a provision for compensating the costs of these contracts as agreed in 2008 with consumer organizations and additional compensation related to the unit-linked insurance contracts (including costs for the implementation and conversion of systems related to the compensation). This provision equals the present value (based on an interest-rate of 4%) of the agreed amounts of compensation (upon maturity), with expenses incurred in prior periods fully provided for. In addition, estimates of additional expenses, such as overheads for administering the compensation scheme, compensation for hardship and surrender, are also taken into account.

For the LAT related to the Liabilities arising from insurance contracts on behalf of policyholders see chapter 2.25.

2.27 Employee benefits (IAS 19)

Pension obligations

A number of defined benefit plans for own staff exist. These are schemes under which staff are awarded pension benefits upon retirement, usually dependent on one or more factors, such as years of service and compensation. The defined benefit obligation is calculated at each reporting date by independent actuaries.

The liability in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets. ASR Levensverzekering N.V., an insurance company and a group entity, is the administrator of the post-employment benefit plans. ASR Levensverzekering N.V. holds the investments that are meant to cover the employee benefit obligation. However, in accordance with IFRS they do not qualify as plan assets in the consolidated financial statements.

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

Actuarial assumptions may differ considerably from actual results due to changes in market conditions, economic trends, mortality trends and other assumptions. Any change in these assumptions can have a significant impact on the defined benefit obligation and future pension costs.

Changes in the expected actuarial assumptions and differences with the actual actuarial outcomes are recognized in the actuarial gains and losses included in other comprehensive income (component of total equity).

When employee benefit plans are modified, all costs and benefits, resulting from the changes are recognized directly in the income statement.

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

Other long-term employee benefits

Plans that offer benefits for long-service leave, but do not qualify as a post-employment benefit plan, such as jubilee benefits, are measured at present value using the projected unit credit method and changes are recognized directly in the income statement.

Other post-retirements obligations

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

Vacation entitlements

A liability is formed for the vacation days which have not been taken at year end.

2.28 Financing

At initial recognition, debt instruments and other loans are stated at fair value, net of transaction costs incurred. Subsequent valuation is at amortized cost. Any difference between the proceeds and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest-rate method.

2.29 Insurance premiums

Non-life insurance premiums
Non-life insurance premiums are accounted for in the period in which they are earned. As indicated in chapter 2.25, invoiced but not yet earned premiums are included under liabilities arising from insurance contracts.

Life insurance premiums
Life insurance premiums related to life insurance contracts are recognized as income when received from policyholders. Liabilities arising from insurance contracts are recognized based on estimated future benefits and expenses, and charged to the income statement. These expenses are recorded within 'technical insurance claims and benefits'. Therefore, in accordance with the matching principle, the profits are realized over the estimated term of the contracts. In accordance with this matching, the acquisition costs are capitalized, deferred and then amortized. For a detailed explanation of the capitalized deferred acquisition costs, see chapter 2.13.

2.30 Investment income

income primarily comprises interest of interest income, dividends on equities and rentals from investment property.

Interest income
Interest income for all interest-bearing instruments is recognized using the effective interest-rate method, including all transaction costs incurred and share premium/discount. When a receivable is impaired, its carrying amount is reduced to the recoverable amount, i.e. estimated future cash flows discounted at the original effective interest-rate of the instrument.

Dividends
Dividend income is recognized in the income statement when a right to receive payment is established.

Rentals
Rentals from investment property are allocated to the period to which they relate.

2.31 Realized gains and losses

Realized gains and losses include proceeds from the disposal of investment property, financial assets available for sale, associates and joint ventures.

With respect to financial assets available for sale, realized gains or losses are comprised of:
- the proceeds from the sale or disposal of an asset or liability less the amortized cost of the asset or liability sold,
- impairments previously recognized and
- hedge accounting adjustments.

Any unrealized gains and losses previously recorded in equity (the difference between the carrying amount and amortized cost) are recognized in the income statement.

2.32 Fair value gains and losses

Fair value gains and losses include realized and unrealized changes in the value of financial assets at fair value through profit and loss and derivatives. With respect to derivatives, this is based on the fair value excluding accrued interest (clean fair value).

2.33 Result on investments on behalf of policyholders

Investments on behalf of policyholders are measured at fair value through profit and loss. Any changes in value are recognized in result on investments on behalf of policyholders. This also includes interest income and dividends received on investments on behalf of policyholders.

2.34 Fee and commission income

Fee and commission income relates mainly to reinsurance, asset management and other services. These items are generally recognized as income in the period in which the services are performed.

2.35 Insurance claims and benefits

This item includes changes in liabilities arising from insurance contracts (see chapter 2.25) and the related benefits. Expenses associated with contracts on behalf of policyholders relate to changes in liabilities arising from insurance contracts on behalf of policyholders, including the benefits charged to the liabilities.

2.36 Operating expenses

This item relates to expenses associated with a.s.r.'s operations that are directly attributable to the reporting period, such as marketing costs, ICT expenses, consulting fees, business accommodation expenses, cost of temporary staff, and depreciation charges.

Personnel expenses are mainly comprised of salaries, social security contributions and pension costs.

2.37 Acquisition costs

This mainly relates to commissions paid and amortization of capitalized deferred acquisition costs. For details on capitalized deferred acquisition costs see chapter 2.13.

2.38 Impairments

An asset is impaired when its carrying amount exceeds its recoverable amount. Impairment losses are recognized in the income statement as soon as they are identified. For details, see the relevant items of chapter 2 as mentioned earlier.

2.39 Income tax expense

Income tax is based on profit before tax, after any adjustments for previous periods and changes in deferred tax assets and liabilities using the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period. Income tax is recognized in the period in which the income was achieved.

Deferred taxes in respect of revalued assets and liabilities, whose value adjustments were directly credited or charged to equity, are taken to equity and, upon realization, included in the income statement together with the value adjustments.

3 Risk management

Risk management is an integral part of our daily business activities. a.s.r applies an integrated approach in managing risks, ensuring that our strategic goals (customer interests, financial solidity and efficiency of processes) are maintained. This integrated approach ensures that value will be created by identifying the right balance between risk and return, while ensuring that all obligations towards our stakeholders are met. Risk management enables a.s.r. to identify, measure and manage risks in order to take prompt action in the event of changes in a.s.r's risk profile.

a.s.r. is exposed to the following types of risks: market risk, counterparty default risk, insurance risk, strategic risk and operational risk. The risk appetite is established at both group and legal entity level and includes limits for executing the strategy. The risk environment requires continuous integrated monitoring and assessment of risks in order to understand and manage complex risk interactions across the organization.

This chapter describes the risks a.s.r. is exposed to and how these risks are managed.

3.1 Key risk developments in 2013

General

- The Economic Capital model (ECAP) of a.s.r. is an integral and essential part of the steering mechanism for value management. The dynamic investment policy is based on the ECAP solvency ratio and specific risk budgets.
- The risk appetite statements have been further developed. Risk appetite statements are established at both group and legal entity level including risk tolerances, limits and targets.
- Risk appetite and Key Risk Indicator framework function as tools for optimizing risk returns at both group and business unit level.
- Various value metrics (MCEV, ECAP (internal model), SCR, VANB) have been integrated.
- Standard and Poor's has confirmed a.s.r.'s rating of A with a stable outlook.

Risk governance

- Risk governance ensures a robust and responsive governance structure that adequately manages the risks to which a.s.r. is exposed.
- In the regular risk management process, specifically during the euro crisis, the risk committees continued to prove their importance. The risk committees monitor a.s.r.'s risk profile. In extreme circumstances the risk committees will meet more frequently in order to ensure that measures for mitigating risks are implemented promptly.

Market risk

- The position in financial bonds was reduced in 2013 in accordance with the strategic investment policy.
- Within the limits of the risk appetite, the equity exposure increased 2013. The increase was primarily due to the development of the equity prices.
- The interest-rate risk hedging has improved over the maturity buckets by restructuring the portfolio swaps and swaptions. This did not, however, affect the sensitivity to a parallel shift of the interest rate curve.

Counterparty default risk

- In accordance with the strategic investment plan, the mortgage portfolio increased in 2013. The majority of new mortgages are guaranteed by the Dutch national mortgage guarantee fund (NHG).

Insurance risk – Non-Life

- In 2013, the combined ratio increased to 104.6% (2012: 99.2%).This was due to developments in the claims ratio, caused by an increase in claims and the change in liabilities arising from insurance contracts of the product WGA-ER. In the meantime, a.s.r. has taken steps to adjust its prices, tighten its acceptance criteria stricter and improve its claims settlement process, thereby improving its control and insight. The focus will be on reintegration of disabled employees. Excluding WGA-ER and considering the storm in Q4 2013 the 2013 combined ratio is at a satisfactory level of 96.5%.

Insurance risk – Life

- The used non-economic assumptions for valuing and assessing the individual and group life insurance portfolios are frequently monitored. a.s.r. has a well balanced portfolio of both long and short life risks. As a consequence a change in mortality assumptions has a limited impact on the market value of the company.

Strategic risk

- Scenario analysis supports a.s.r. being better prepared for potential future risks. As in previous year, a.s.r. carried out a Control Risk Self-Assessment (CRSA) in 2013. Major risks relating to the realization of strategic objectives of the business units were identified. The impact on strategy achievement was measured qualitatively and controls for mitigating these risks were determined.
- a.s.r. executed an Own Risk and Solvency Assessment (ORSA) at both group and legal entity level in 2013. This assessment helps to identify risks and quantifies the impact of these risks on the forward-looking solvency position.
- a.s.r. participated voluntarily in the pilot exercise of DNB for recovery plans in 2013. The goal of the recovery plan is to ensure that a.s.r. has effective plans in place to deal with potential severe financial stress resulting from a wide range of different causes of various circumstances.

Operational risk

- a.s.r. continued to improve its system of internal control in 2013. The enterprise wide internal control framework is largely implemented in the product lines. Operational risks have been identified and assessed and controls are determined and tested from an Enterprise Risk Management perspective. Full implementation of the internal control framework will be finalized in 2014.
- In 2013, the non-financial risk dashboard was further aligned with the risk appetite. The non-financial risk dashboard contains key risk indicators. The non-financial risk dashboard is a tool for business units to assess and identify key risks. Furthermore the non-financial risk dashboard gives insight in the risk profile of the business units.

Solvency II

- a.s.r. participated in the Long Term Guarantee Assessment (LTGA) in 2013. The LTGA is an assessment of the European Supervisor (EIOPA) to test the impacts of the market consistent approach on long term guarantee products.
- a.s.r. participated in the 'Theoretic Solvency Criteria' (TSC) assessment of DNB in 2013.
- The quality and reliability of data were further improved in 2013. This contributes to reliable management information and facilitates decision-making. a.s.r. will continue to focus on improvements in data quality.

Capital management and solvency

- For the purposes of DNB solvency, the DNB swap curve has been used for discounting insurance liabilities instead of the ECB AAA since September 2013. DNB prescribes application of the Ultimate Forward Rate (UFR) on the discounting curve. This has a significant positive effect on regulatory solvency and the interest-rate sensitivity becomes adverse. A decline in the interest-rate leads to an increase in regulatory solvency.

- To ensure a strong solvency position regardless of the impact of the UFR, a.s.r. monitors the solvency position both excluding and including the UFR impact on the discounting curve.
- In anticipation of the implementation of Solvency II, management will steer both on Solvency I and Solvency II ratio's.
- a.s.r. decided to start recognizing diversification in the calculation of the aggregated market stress scenario in 2013. The correlation factors of Solvency II have been applied. This has a positive effect on the solvency ratio after the stress scenario.

3.2 Enterprise Risk Management framework

The Enterprise Risk Management framework describes our risk management system. The Enterprise Risk Management framework ensures that our strategic and business objectives can be achieved and our obligations towards our stakeholders can be met. The a.s.r. Enterprise Risk Management (ERM) framework is based on the COSO (Committee of Sponsoring Organizations of the Treadway Commission) ERM model. The framework comprises the following risk management elements:

3.2.1 Strategy (including risk appetite)

a.s.r.'s risk strategy is to embed risk management in day-to-day decision making facilitating the Executive Board in the execution of the strategy.

The primary objective of risk management is to support a.s.r. in achieving the required balance between risk and return ensuring strategic goals will be realized. The risk appetite describes the level of risk a.s.r. is prepared to take. The risk appetite has been further refined. Statements at group level have been enhanced, statements at legal entity level have been developed and risk tolerances, limits and targets have been set for all statements Risks are actively managed to ensure that the risks will stay within the defined limits.

Risk appetite

The risk appetite sets boundaries for risks a.s.r. is willing to take in order to realize a.s.r.'s strategic objectives. The risk appetite is a tool for optimizing risk and return. The risk appetite reflects the risk management strategy of a.s.r. and influences the way the organization is managed.

Risk appetite is defined at both group level and at legal entity level (OTSO -'Onder Toezicht Staande Onderneming') for financial and non-financial risks. The risk appetite is set by the Executive Board and approved by the Supervisory Board.

Objectives of the risk appetite:
- Important steering instrument in daily business.
- The risk appetite is linked to the strategic pillars and indicates a.s.r.'s willingness to take risks.
- A pragmatic approach at both group, legal entity and business unit level to develop a vision with respect to risk which forms the basis of the day-to-day decision making process.

The risk appetite is based on the three strategic pillars of a.s.r., customer interests, financial solidity and efficiency of processes. The risk appetite of a.s.r. is established at both group and legal entity level and contains boundaries for executing a.s.r.'s strategy.

Five risk appetite pillars have been identified which we view as key elements of realizing our strategy. These five pillars are:

Capital: Adequate solvency takes priority over profit
Adequate capital buffers and financial power to facilitate future developments and continuously meeting our obligations towards policy holders, supervisors and rating agencies. Ensuring the capital buffer is sufficient to maintain an 'A' rating.

Value & Return: Adequate profit takes priority over turnover
Value creation by efficient allocation of capital resulting in realizing value and return objectives. This will safeguard the efficiency of business operations and continuity of a.s.r. in the long term.

Liquidity: Adequate liquidity
Maintaining financial flexibility through solid liquidity. The liquidity position must ensure that a.s.r. is always able to meet its payment obligations, also in a situation of stress.

Reputation & Operational: Responsibility towards our stakeholders
Maintaining continuity by accepting only risks that a.s.r. understands and by efficient, controlled and sound business operations. Ensuring customer satisfaction and offering safety and reliability in the long run while maintaining a good reputation.

Governance: Sustainable and balanced consideration of all interests of our stakeholders
A balanced governance which ensures that all interests of our stakeholders are taken into account in a sustainable and balanced way.

Various separate risk appetite statements have been established within these five pillars which are translated into boundaries (risk tolerances, limits and targets) and which define the maximum risk that a.s.r is willing to take.

The risk profile of a.s.r. is monitored on a continuous basis, based on a clear risk appetite. The risk profile is monitored by a.s.r.'s risk committees on a quarterly basis.

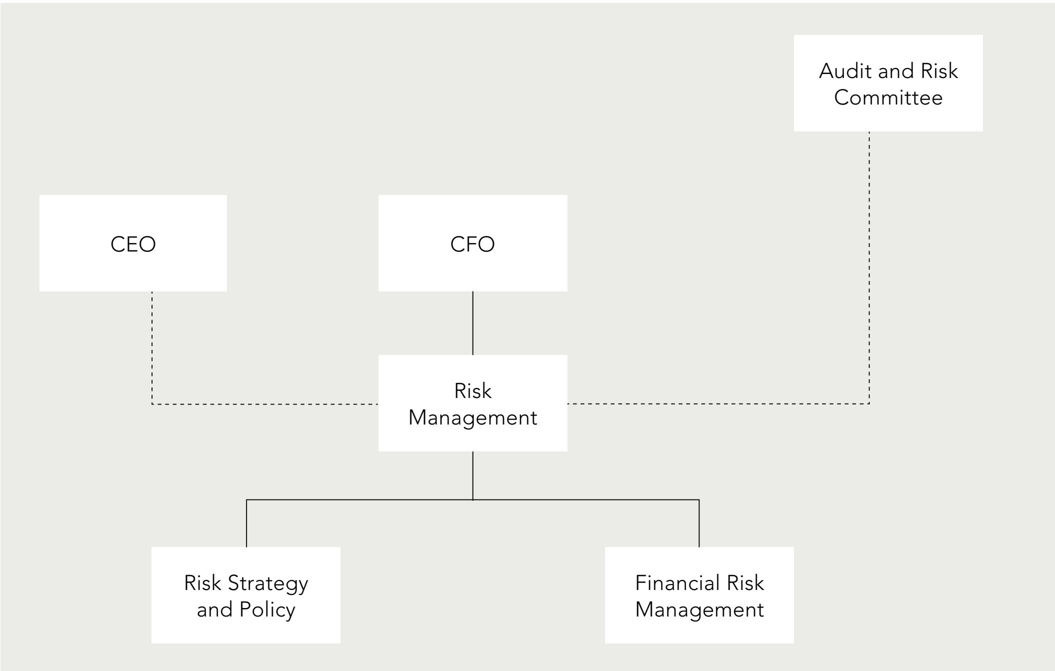
3.2.2 Risk governance
a.s.r. has a risk governance framework which comprises the duties and the responsibilities of the risk management function and the risk committee structure. The independent role of risk management and its responsibility as an assurance function are anchored throughout the organization. The objective of the risk committees is to manage the risk profile for a.s.r. group and its product lines staying within risk tolerances and risk limits.

Three lines of defence
The risk governance structure is based on the 'three lines of defence' model. The 'three lines of defence' model consists of three defence lines with different responsibilities with respect to the ownership of controlling risks.

- The first line is responsible for the identification and management of risk in daily business. The first line has day-to-day responsibility for operations (sales, pricing, underwriting, claims handling, etc.) and is primarily responsible for risk management. The first line is formed by the Executive Board, the management teams of the business lines and their employees.
- The second line challenges the first line and supports the first line to achieve its business objectives in accordance with the risk appetite. The second line has sufficient countervailing power to prevent risk concentrations and other forms of excessive risk taking. It is responsible for developing risk policies and for monitoring the compliance with these policies and the broader risk management framework in the first line. The second line of defence is formed at group level and includes both the Risk Management department and the Integrity department.
- The third line is responsible for providing independent assurance and oversees and assesses the functioning and the effectiveness of the first two lines of defence. The third line is formed by a.s.r.'s Internal Audit department.

The risk management organization and the risk committee structure, which are part of the risk governance, are described in more detail in the next section.

Risk management organization



Risk Management

The risk management function is an independent function within a.s.r. The Chief Risk Officer (CRO) is responsible for all risk management related activities and reports directly to the CFO. The CRO can report matters directly to the CEO at his own discretion and has a direct and independent reporting line to the Audit and Risk Committee, a sub-committee of the Supervisory Board.

Risk Management is responsible for Enterprise Risk Management. The department consists of the following sub-departments:
- Risk Strategy and Policy
- Financial Risk Management

Risk Strategy and Policy

Risk Strategy and Policy is responsible for the strategic risk and operational (including IT) risk management at a.s.r. The responsibilities with regard to strategic risk management include the further development of a.s.r.'s risk management culture, the annual update of the risk strategy (risk appetite), the monitoring of risk priorities and the risk profile of a.s.r., the ORSA process, the recovery plan and model validation. The responsibilities with regard to operational risk management include management in control and operational losses. Furthermore Risk Strategy and Policy is responsible for Solvency II monitoring.

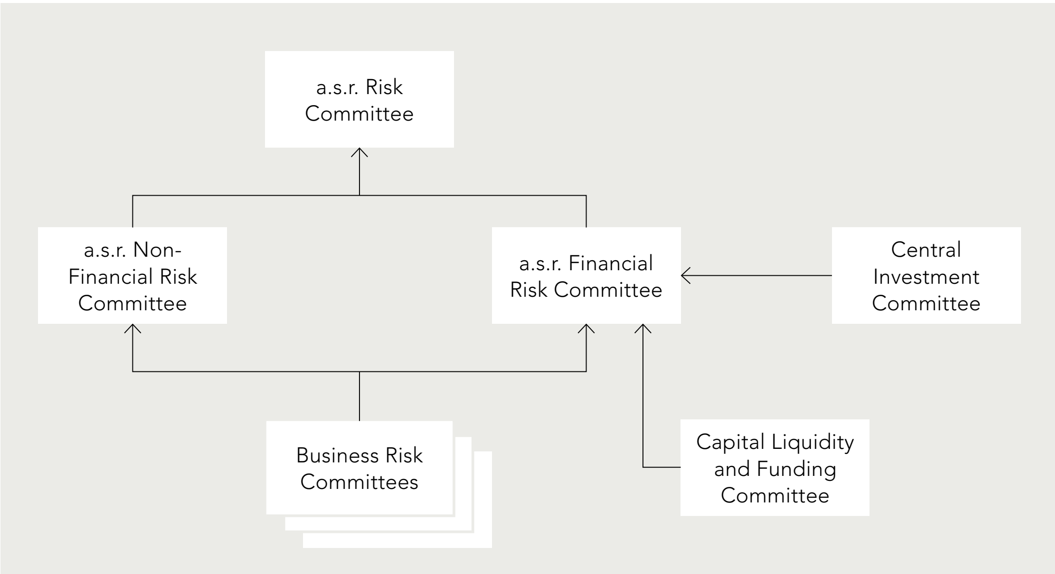
Financial Risk Management

Financial Risk Management (FRM) is responsible for the group actuarial function, the asset and liability management function and integrated balance sheet management.
FRM is responsible for the development of financial risk policies and the implementation of these policies at group and legal entity level. The department is also responsible for the methodology and the development of models used in calculating economic capital. FRM reports economic capital both at group and at legal entity level. FRM tests the reported market value and market risk and compares these against a.s.r.'s risk limits and risk budget.

As part of the actuarial function, FRM reviews the technical provisions, monitors the methodologies, assumptions and models used in these calculations and assesses the adequacy and quality of data used in the calculations. FRM regularly reports to the Financial Risk Committee, the Executive Board and the Audit and Risk Committee on the reliability and adequacy of the calculation of the technical provisions.

Risk committee structure

The objective of the risk committees is to manage the risk profile for a.s.r. group, its legal entities and its product lines and to ensure that the risk profile remains within the risk appetite and the underlying risk tolerances and risk limits. When triggers are hit, due to for instance an increase in stock market volatility, a downgrade of corporate and government fixed income investments, or low interest-rates, a.s.r.'s risk committees increase the frequency of their meetings.



a.s.r. Risk Committee

The a.s.r. Risk Committee is a sub-committee of the Executive Board and monitors a.s.r.'s overall risk profile on a quarterly basis. Every year, the Risk Committee approves the risk preferences and risk limits for a.s.r. The a.s.r. Risk Committee also monitors the management of a.s.r.'s risk priorities'. a.s.r.'s Executive Board participates fully in the a.s.r. Risk Committee which is chaired by the CEO. The involvement of the Executive Board ensures that risk awareness and risk decisions are embedded at the appropriate level.
In addition to the Executive Board, the Chief Risk Officer, Director of Audit, Director of Integrity and Director Financial Markets are members of the Committee.

The a.s.r. Risk Committee receives information from the Financial Risk Committee and the Non-Financial Risk Committee. These committees have mandates to manage and control a.s.r.'s risk profile in line with the risk preferences and limits.

Non-Financial Risk Committee

The Non-Financial Risk Committee (NFRC) is mandated by the Executive Board to decide on non-financial risk policies. The NFRC monitors that non-financial risks are adequately managed, determines non-financial risk limits at group level and monitors that the risk profile stays within the agreed risk limits. If the risk profile exceeds the limits, the NFRC takes mitigating action. The NFRC reports to the a.s.r. Risk Committee. The Chairman of the NFRC is the COO of the SME insurance market (who is also a member of the Executive Board) and members of the Committee include Managing Directors of P&C, Health, Disability, Travel, Pensions, ICT and Directors of Audit and Integrity and the Head of Risk Strategy and Policy.

Financial Risk Committee

The Financial Risk Committee (FRC) has a mandate from the Executive Board to decide on financial risk policies. The FRC manages and controls financial risks (market, insurance (life and non-life) and counterparty default risk) and defines financial risk limits at group level. The FRC also monitors whether the risk profile stays within the risk limits. If the risk profile exceeds these limits, the FRC takes mitigating actions. The FRC reports to the a.s.r. Risk Committee. The Chairman of the FRC is the CFO. Members of the Committee include the Directors of Risk Management, Financial Markets, Audit, Integrity, Finance and Real Estate. The FRC is supported by the Capital, Liquidity and Funding Committee (CLFC).

Capital, Liquidity and Funding Committee

The Capital, Liquidity and Funding Committee (CLFC) is a subcommittee of the FRC. As such, the CLFC prepares and assesses the technical analysis of capital, liquidity and funding positions, rating policy, rating model reporting, and treasury activities. The Chairman of the CLFC is the Director of Financial Markets; other members of this sub-committee are representatives of various key financial and risk departments.

Business Risk Committees

The business lines manage and control their risk profile through the Business Risk Committees (BRC). The BRC's monitor that the risk profile of the business line stays within the risk preferences defined by the business line. The BRC reports to the FRC and the NFRC. The Chairman of the BRC is the Managing Director of the business line and its members include key officers of the business line, Compliance and Audit.

Central Investment Committee

In addition to the risk committee structure, the Central Investment Committee (CIC) monitors tactical decisions and the execution of the investment policy. It takes major investment decisions within the boundaries of the strategic asset allocation as agreed in the FRC. The CIC bears particular responsibility for investment decisions exceeding the mandate of the investment department. The CIC is chaired by the COO of the Retail insurance market (member of the Executive Board).

3.2.3 Systems and data

The availability and reliability of data is important in order to ensure that the correct risk mitigating measures can be taken timely. Risk Management is supported by various IT systems for delivery of the required information.

3.2.4 Risk procedures & policies

a.s.r.'s risk classification covers all Solvency II risks and is in line with the Focus approach as applied by DNB. a.s.r. has established policies for each of the risks (market, counterparty default, insurance, strategic and operational). In each case the policy defines the risk, the risk limits and the risk mitigation techniques.

3.2.5 Risk culture

Risk awareness is an important topic at a.s.r to emphasize the human aspect in the mitigation of risks. Risk Management carried out several actions in 2013 in order to raise the risk awareness. These actions focused on 'hard' elements/controls (risk governance, annual refinement of the risk appetite, monitoring risk appetite in the risk committees and risk assessments) and 'soft' elements/controls (education, risk awareness survey and communication via the intranet).

3.3 Risk management classification

The five main risk categories[1] that a.s.r. recognizes are described below.

Risk type	Definition
Market risk	The risk of changes in values caused by market prices or volatility of market prices differing from their expected values. The following types of market risk are distinguished: - interest-rate risk - equity risk - property risk - currency risk - spread risk - concentration risk
Counterparty default risk	Counterparty default risk reflects possible losses due to unexpected default or deterioration in the credit rating of counterparties and debtors.
Insurance risk	Insurance risk is the risk that future insurance claims and benefits cannot be covered by premium and/or investment income, or that insurance liabilities and results are threatened because costs, claims and benefits differ from the assumptions used in the development and premium-setting of a product. Two different major types of insurance risk are distinguished, non-life (including health) and life. Pension risk incurred on the employee benefits is categorized as an insurance risk.
Strategic risk	Strategic risk is the risk that a.s.r. will not reach its targets because of invalid decision-making, incorrect implementation of decisions and/or failure to respond adequately to market developments.
Operational risk	Operational risk is the risk of losses resulting from inadequate or failing internal processes, persons and systems, or from external events (including legal risk).

1 IFRS refers to credit risk as spread risk or counterparty default risk.

3.4 Market risk

Market risk arises from changes in the level or the volatility of market prices. Exposure to market risk is measured by the impact of movements in financial variables such as equity prices, interest-rates and property prices. The several types of market risk, which are discussed in this section, are:

- interest-rate risk;
- equity risk;
- property risk;
- currency risk;
- spread risk;
- concentration risk.

Market risk reports are submitted to the FRC on a monthly basis at a minimum. Key reports on market risk include the strategic asset mix report, the economic capital report, the interest-rate risk report and the report on sensitivity of regulatory solvency to major market risks. A summary of sensitivities to market risks for the regulatory solvency, total equity and profit for the year is presented in the tables below.

The sensitivities of regulatory solvency ratio to market risks are as follows:

Type of risk	Scenario	31 December 2013 incl UFR	31 December 2013 excl UFR	31 December 2012 incl UFR	31 December 2012 excl UFR
Equities	-20%	-21%	-21%	-19%	-19%
Interest[1]	+1%/-1%	-20%	-17%	-18%	-32%
Spread	0.75%	-23%	-23%	-25%	-25%
Property	-10%	-13%	-13%	-15%	-15%
Total (undiversified)		**-77%**	**-74%**	**-77%**	**-90%**
Diversification		13%	12%	13%	16%
Total (diversified)		**-64%**	**-62%**	**-64%**	**-75%**

The sensitivity to equity prices increased in comparison to 2012, due to a higher exposure in equity investments as a result of investments and the favourable development of equity prices. A small part of the equity risk was hedged with put options at year-end 2013.

The sensitivity of the solvency ratio excluding UFR to a 1% decrease in interest-rates changed from -32% to -17%. This is mainly due to the improvement of the extrapolation method of the discounting curve excluding UFR.

The exposure to property decreased mainly as a result of sales and the sensitivity to property declined accordingly.
The exposure to bonds decreased, mainly as a result of an increase in interest-rate. The sensitivity to spread correspondingly decreased.

In 2013 a.s.r. decided to start recognizing diversification in the calculation of the aggregated market stress scenario. The correlation factors of Solvency II are applied. The impact of the diversification is 12% when the UFR is not applied.

If the scenarios of the major market risks were to take place simultaneously, a diversified negative effect of 62% (2012: 75%) would result in a regulatory solvency ratio excluding UFR of 174% (2012: 157%). The solvency ratio excluding UFR after stress therefore is above the minimum level of 150%.

When applying the UFR, a diversified negative effect of 64% (2012: 64%) would result in a regulatory solvency ratio (incl UFR) of 204% (2012: 229%).

1 For the regulatory solvency ratio including UFR, the interest-rate shock +1% has a negative impact. For the regulatory solvency ratio excluding UFR the effect is adverse, the interest-rate shock -1% has a negative impact.

The next table shows sensitivities of total equity and profit for the year. Due to the IFRS accounting treatment (including insurance liabilities discounted with a fixed interest-rate, shadow accounting, valuation of part of the investments at cost, post-employment benefits), these sensitivities can vary substantially from the sensitivities of regulatory solvency.

The sensitivities of total equity and profit for the year to market risk are as follows:

Scenario	Total equity 31 December 2013	Profit for the year 2013	Total equity 31 December 2012	Profit for the year 2012
Equities +20%	320	-5	279	-1
Equities -20%	-299	-9	-270	-54
Interest +1%	-120	0	-147	0
Interest -1%	120	0	158	0
Spread +75bp	-352	0	-386	-1
Spread -75bp	352	0	386	0
Property +10%	0	0	0	0
Property -10%	-65	-65	-89	-89
Foreign currency +10%	29	-2	40	-1
Foreign currency -10%	-29	2	-40	1

The sensitivity of total equity to equities increased in 2013 due to higher exposure to equities. The sensitivity of profit for the year to equities -20% declined since fewer equities are close to the impairment level and the positive effect of put options is greater.

The sensitivity of total equity to an increase of 1% in interest-rates is positive (€ 120 million per year-end 2013). The decline in the value of the assets is not fully compensated by the change of the provision for shadow accounting.

The sensitivity of both total equity and profit for the year to property declined, as fewer properties are close to their impairment level.

The exposure to bonds decreased, mainly as a result of an increase in interest-rate. The sensitivity of total equity to spreads correspondingly declined. Since there are no bonds close to impairment level, the sensitivity of profit for the year to spread is very limited.

The sensitivity of total equity to foreign currency declined due to divestments in USD equities and DKK bonds.

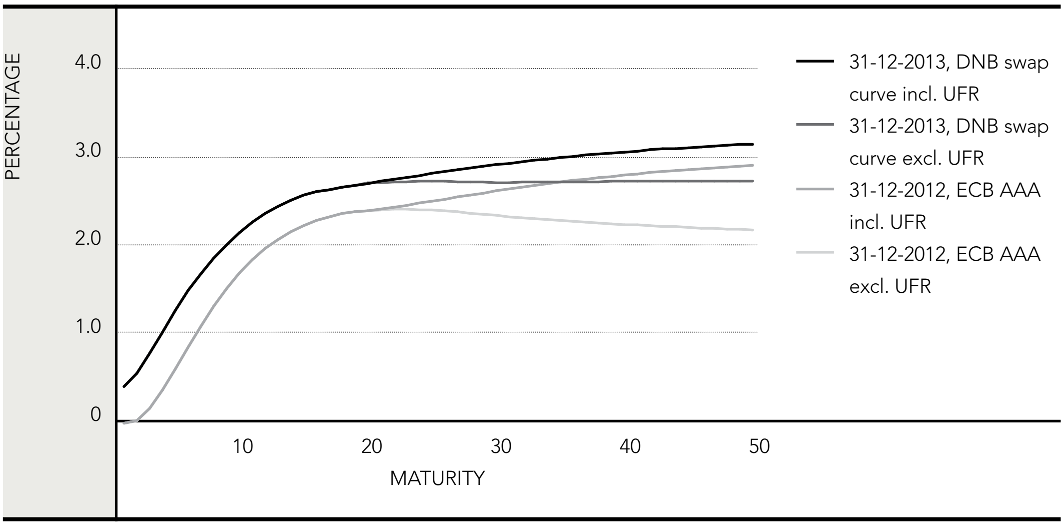
3.4.1 Interest-rate risk

Interest-rate risk is the risk that the value of assets, liabilities or financial instruments will change due to fluctuations in interest-rates. Many insurance products are exposed to interest-rate risk; the value of the products is closely related to the applicable interest-rate curve. The interest-rate risk of insurance products depends on the term to maturity, interest-rate guarantees and profit-sharing features. Life insurance contracts are particularly sensitive to interest-rate risk (see Chapter 3.6.2).

Since 30 June 2012 the regulator prescribes applying the Ultimate Forward Rate (UFR) on the discounting curve, whereby the forward interest-rates converge to a level of 4.2%. Since this is an assumption, a.s.r. also evaluates its solvency position without applying the UFR to the discounting curve. For maturities in excess of 30 years this curve is extrapolated since the available market data is not sufficient. a.s.r moved to a more realistic and more stable extrapolation method in 2013. As a result of this, there is less difference between the discounting curve including UFR and excluding UFR.

For the purposes of regulatory solvency, a.s.r. was given permission by the regulator to use the ECB AAA government bond curve for discounting insurance liabilities. The downgrade of France by Fitch in July 2013 led to a decline in the discounting curve and a corresponding decline in regulatory solvency of 20%. The permission to use the ECB AAA curve was withdrawn at a.s.r.'s request of September 2013. The insurance liabilities are thus discounted on the basis of the swap curve as published by DNB. Application of the new discounting curve leads to a more stable solvency ratio. As of September 2013 the impact on the regulatory solvency ratio was estimated at -5%.

Discounting curves



In 2013 the discounting curve increased with 30 to 60 basispoints.

Interest-rate risk is managed by aligning fixed-income investments to the profile of the liabilities. Among other instruments, swaptions and interest-rate swaps are used for hedging the specific interest-rate risk arising from interest-rate guarantees and profit-sharing features in life insurance products.

Recent years a.s.r. has taken mitigating measures to reduce the interest-rate risk. In 2013 the interest-rate risk has been reduced by restructuring the overlay portfolio of interest-rate swaps and swaptions. Mainly the interest-rate risk exposure in different maturity buckets has improved in 2013 and as a result a.s.r. has become less sensitive for non-parallel shifts of the interest-rate curve. a.s.r. intends to further reduce the interest-rate risk exposure in 2014.

Sensitivity of regulatory solvency (excl UFR) to interest-rate changes:

	Interest-rates -1%		Interest-rates +1%	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Assets	2,568	2,770	-1,955	-2,142
Liabilities	-2,827	-3,268	1,933	2,277
Regulatory solvency available	-259	-498	-22	135
Regulatory solvency ratio	-17%	-32%	-1%	9%

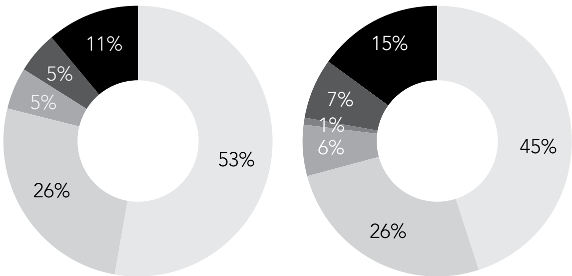
3.4.2 Equity risk

The equity risk depends on the total exposure to equities. In order to maintain a good understanding of the actual equity risk, a.s.r. has made a number of adjustments to the IFRS classification for risk purposes. For example, bond funds classified in the statement of financial position under equities are not included here.

The fair value of equities and similar investments at year-end 2013 was € 1,967 million (2012: € 1,703 million).The exposure increased due to a higher exposure as a result of investments and the favourable development of equity prices.

The equities are diversified across the Netherlands (including participating interests) and other European countries. A limited part of the portfolio consists of investments in the Pacific, private equity and hedge funds.

Composition equity portfolio



Composition equity portfolio 2013

Composition equity portfolio 2012

	2013	2012
Europe	53%	45%
Netherlands	26%	26%
Pacific	5%	6%
Hedge Funds	0%	1%
Private equity	5%	7%
Other	11%	15%

The sensitivity of the regulatory solvency ratio to changes in equity prices is monitored on a monthly basis. Option contracts, the tax exemption of the participating interests and lower volatility of hedge funds are taken into account when calculating sensitivities.

The sensitivity to equity prices increased due to a higher exposure in equity. At year-end 2013, a small part of the equity risk was hedged with put options.

Sensitivity of regulatory solvency to changes in equity prices:

Change in equity prices	31 December 2013	Percentage	31 December 2012	Percentage
-20%	-327	-21%	-300	-19%

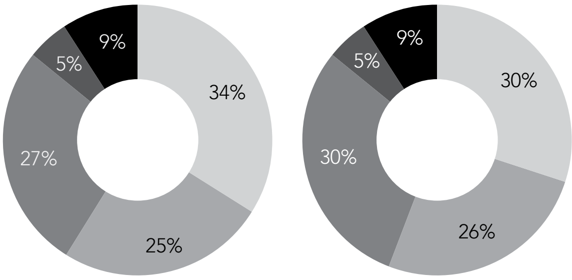
3.4.3 Property risk

The property risk depends on the total exposure to property. In order to gain a total understanding of the actual property risk, a.s.r. includes property for own use and development property amounting to € 125 million (2012: € 206 million) in the analysis of its property risk. In addition, revaluations to the carrying amount of € 1,046 million have been included (2012: € 1,165 million). The fair value of property and property-related assets was € 3,028 million at year-end 2013 (2012: € 3,372 million), including property for own use.

The exposure to property decreased in 2013 primarily due to the disposal of property.

The property portfolio is diversified across the rural, residential, office and retail sectors in the Netherlands. The allocation to offices is limited (9%) and partly concerns offices for own use. The core profile of the commercial property portfolio is durable and in general ensures a relatively stable development of the value of the portfolio. For example, the retail portfolio mainly consists of 'A-locaties'. Active management allows a.s.r. to benefit from the rent potential and to keep the vacancy rates low as much as possible. a.s.r. is the largest private owner of rural estate in the Netherlands and this property portfolio is well diversified regionally within the Netherlands.

Composition property portfolio



Composition property portfolio 2013
Composition property portfolio 2012

	2013	2012
Rural	34%	30%
Retail	25%	26%
Residential	27%	30%
Other	5%	5%
Offices	9%	9%

The sensitivity of regulatory solvency to changes in property value is monitored on a monthly basis. The sensitivity decreased primarily due to the lower exposure to property.

Sensitivity of regulatory solvency to changes in property prices:

Change in property prices	31 December 2013	Percentage	31 December 2012	Percentage
-10%	-210	-13%	-238	-15%

Because of its lower volatility, the shock for rural property is set at -7.5%.

3.4.4 Currency risk

Currency risk arises from the sensitivity of assets and liabilities to changes in the level or volatility of foreign exchange rates.

The policy is primarily to hedge currency risks. However, certain currency exposures are permitted from a tactical perspective within a specific risk budget.

The foreign currency position is monitored on a quarterly basis. The total net exposure in foreign currency is € 359 million (2012: € 541 million). The table shows the currencies with largest net exposure.

	31 December 2013						31 December 2012					
	USD	AUD	CAD	DKK	SEK	ZAR	USD	AUD	CAD	DKK	SEK	ZAR
Assets exposure	282	194	92	0	40	22	366	229	104	45	41	62
Liabilities exposure	-86	-178	0	0	0	-14	-98	-232	0	0	0	-20
Net exposure	196	16	92	0	40	8	268	-3	104	45	41	42

The net exposure to USD decreased because of divestments in USD equities. The net exposure to DKK decreased because of divestments in DKK bonds.

3.4.5 Spread risk

Spread risk arises from the sensitivity of the value of assets and liabilities to changes in the level of credit spreads on the relevant risk-free interest-rates. Spread risk relates to several types of assets:

- fixed-income investments;
- deposits;
- savings-linked mortgage loans.

Assets in scope of spread risk are by definition not in scope of counterparty default risk (see Chapter 3.6)

Fixed-income investments
Spread risk is managed on a portfolio basis within limits and risk budgets established by the relevant risk committees.

Where relevant, credit ratings provided by the external rating agencies are used to determine risk budgets and monitor limits. A limited number of bond investments do not have an external rating. These investments are generally assigned an internal rating. Internal ratings are based on methodologies and rating classifications similar to those used by external agencies.

The following tables provide a detailed breakdown of fixed-income exposure by rating class, sector, and country of risk and level of subordination for the financial sector. The table includes all bonds, fixed-income funds and loans subject to spread risk according to our risk models.

	31 December 2013		31 December 2012	
	Exposure	Percentage	Exposure	Percentage
AAA	4,722	26%	10,503	54%
AA	7,352	40%	2,653	14%
A	2,623	14%	2,834	14%
BBB	2,561	14%	2,441	12%
Lower than BBB	567	3%	724	4%
Not rated	455	3%	432	2%
	18,280	**100%**	**19,587**	**100%**

The changes in the rating distribution of the fixed-income portfolio are attributable to the combination of market factors, such as interest-rates and spread movement, implementation of the investment policy and rating actions by S&P and Moody's rating agencies. Higher interest-rates and the downgrade of the Dutch sovereign bonds from AAA to AA+ by S&P in November 2013 were the main drivers of the decline in market value of the AAA rating category. Loans to intermediaries and externally managed fixed-income funds are included in the not-rated category.

	31 December 2013	31 December 2012
Government	9,638	10,482
Financial institutions	4,608	5,113
Corporates	3,434	3,352
Structured entities	600	640
	18,280	**19,587**

The market value changes in fixed-income portfolio are to a large extent attributable to changes in rates and credit spreads. Higher rates had a more pronounced impact on the market value of the government portfolio due to its higher interest-rate sensitivity. All credit sectors benefited from tightening credit spreads in 2013. Despite considerable spread performance, the weight of financial institutions in the bond portfolio fell due to a further reduction in our exposure to this sector.

Government	31 December 2013	31 December 2012
Netherlands	4,154	6,094
Germany	2,955	2,322
Austria	554	463
Supranationals	367	434
France	224	423
Belgium	657	0
Periphery	36	1
Other	691	745
	9,638	**10,482**

A combination of changes in tactical positioning and rising interest-rates resulted in changes in the geographical breakdown of the government bond portfolio. The most visible change is an increase in the exposure to Belgian and German government bonds at the expense of Dutch and French sovereigns. The exposure in the Periphery category is in Spanish sovereign debt. The category other includes investments in Australian, Scandinavian, Canadian and investment-grade Emerging Markets sovereigns.

Financial institutions	31 December 2013	31 December 2012
Senior	1,548	1,695
Tier 2	1,211	1,336
Tier 1	911	956
Covered	810	951
Other	128	175
	4,608	**5,113**

The change in market values of bonds issued by financial institutions reflects both a gradual reduction in our exposure to senior and subordinate securities in line with our strategic investment plan and a substantial positive spread performance in these subsectors. Part of the available proceeds was reinvested in government bonds and non-financial credits. Higher interest-rates and the higher interest-rate sensitivity of the covered bond portfolio were the factors mainly responsible for the decline in the market value of this sector.

Structured entities	31 December 2013	31 December 2012
ABS	43	67
CDO	159	133
MBS	367	402
Structured financial instruments	31	38
	600	**640**

Redemptions are responsible for the decline in the market value of the Structured Entities. Most redemptions took place in the MBS portfolio, which consists predominately of Dutch residential MBS investments. In total, redemptions amounted to approximately €103 million. The market value of the remaining structured products portfolio increased in the course of 2013 due to tightening credit spreads.

As a.s.r. participates in structured entities solely for investment purposes, no other commitments or guarantees have been made to the structured entities concerned. The maximum exposure is therefore limited to the fair value of the structured entity and amounts to € 600 million (2012: € 640 million).

Asset-backed securities (ABS)

An asset-backed security is a financial security backed by a portfolio of loans, leases or receivables against assets other than real estate and mortgage-backed securities. This portfolio consists of various securities backed by several types of assets.

Collateralized debt obligation (CDO)

Collateralized debt obligations are securities backed by a pool of bonds, loans or other assets. CDO's do not specialize in one type of debt, but are often non-mortgage loans or bonds. CDO's are unique in that they represent different types of debt and credit risk. In the case of CDO's, these different types of debt are often referred to as 'tranches' or 'slices'. Each slice has a different maturity and risk associated with it.
The CDO portfolio of a.s.r. currently consists mainly of senior tranches in collateralized loan obligations (CLO's), which are CDO's backed by a portfolio of European bank loans. Also, the portfolio contains various CDO's with several types of collateral, such as loans to smaller financial institutions and ABS.

Mortgage-backed securities (MBS)

Mortgage-backed securities are a type of asset-backed security that is secured by a portfolio of mortgages. a.s.r.'s MBS portfolio of a.s.r. mainly consists (approximately 88%) of AAA tranches in Dutch residential mortgage backed securities. The rest of the portfolio consists of investments in the most senior tranches of UK RMBS (around 4%) and some peripheral exposure (mostly in Spain (5%)), all of which have started to redeem.

Other structured financial instruments (SFI)

This part of the portfolio consists of equity tranches of CDO's, i.e. the most risky tranche in the CDO structure. These 'first loss' tranche will be the first to fall in value if losses occur in the assets that back the CDO and are not rated. The largest positions (almost 50%) in this portfolio is a so-called 'combination note', which is a combination of an equity piece and a safer rated tranche or zero coupon bond. This rated tranche serves as principal protection for the equity piece. The other positions in this portfolio are almost all equity pieces of European CLO's.

The next table gives a detailed overview of the distribution of the total-fixed income portfolio over ratings and sectors.

	Government		Financial institutions		Corporates		Structured entities	
31 December	2013	2012	2013	2012	2013	2012	2013	2012
AAA	3,752	9,394	598	734	38	12	334	363
AA	5,637	887	1,110	1,223	544	436	61	107
A	139	112	922	1,053	1,470	1,594	92	75
BBB	110	67	1,641	1,621	783	725	27	28
Lower than BBB	0	22	337	481	161	178	69	43
Not rated	0	0	0	1	438	407	17	24
	9,638	**10,482**	**4,608**	**5,113**	**3,434**	**3,352**	**600**	**640**

The non-rated category corporates includes predominantly externally managed fixed-income funds and loans issued to intermediaries. The group applies stringent application and approval procedures to these loans. Following an intermediary's application, their credit quality is determined based on an internal risk-rating model. The loan application is then submitted for approval to the Credit Committee.

The parameters of the internal risk-rating model are regularly adjusted in response to market conditions as well as new legislation. The ban on commissions regarding so-called 'complex' insurance products, will most likely have a minor impact on the rating of the loan portfolio issued to intermediaries due to the aforementioned internal risk-rating model. The group has already anticipated on the ban on commissions and has therefore granted fewer loans as a result of restrictions in our loan policy. Furthermore the current value of the collateral already incorporates the effect of the ban on commissions. This value is subsequently used in our internal risk-rating model.

	31 December 2013		31 December 2012	
Loans to intermediaries	Amount	Percentage	Amount	Percentage
Loan < 75% value under foreclosure	28	29%	31	27%
Loan > 75% value under foreclosure	68	71%	83	73%
	96		**114**	

At year-end 2013, the outstanding amount of loans to intermediaries was € 96 million (2012: € 114 million) and cumulative impairments amounted to € 53 million (2012: € 42 million). The loans are generally secured by collateralizing an insurance portfolio. At year-end 2013, 20% (2012: 15%) of the loans were in arrears.

Deposits

Total deposits amounted to € 850 million (2012: € 1,779 million) of which € 153 million (2012: € 737 million) had a single A rating, € 69 million (2012: € 36 million) a triple A rating and € 611 million (2012: € 1,006 million) is on secured deposit.

Savings-linked mortgage loans

Savings-linked mortgages have been sold with savings-linked contracts carried in a.s.r.'s statement of financial position where the mortgage loan is recognized in the balance sheet of third parties. One of the characteristics of a savings-linked mortgage loan is that the interest on the insurance contract and the interest on the mortgage loan are linked. At the same time, a.s.r. extends loans to these third parties with a nominal value equal to the value of the savings-linked contract and at an interest-rate linked to the interest-rate on the mortgage. The amortized cost of these loans amounted to € 2,520 million at year-end 2013 (2012: € 2,330 million).

Savings-linked mortgage loans	31 December 2013	31 December 2012
Counterparty SPV	1,263	1,068
Agreement cession-retrocession	369	325
Other	887	937
TOTAL	**2,519**	**2,330**

The credit risk of the savings-linked mortgage loans depends on the counterparty. For 50% of the portfolio the counterparties are Special Purpose Vehicles. The risk is limited due to the robust quality of the mortgages in the Special Purpose Vehicles in combination with the tranching.

a.s.r. has a cession-retrocession agreement with the counterparty for 15% of the portfolio, for which the risk is limited. Effectively, a.s.r. receives the underlying mortgage loans as collateral, mitigating the credit risk of the savings-linked mortgage loans.

The credit risk The other 35% of the savings-linked mortgage loans portfolio by credit rating of the counterparty is shown below. Due to the downgrade of Dutch sovereign bonds the government guaranteed savings-linked mortgage loans moved from AAA to AA.

Savings-linked mortgage loans - other	31 December 2013	31 December 2012
AAA	0	514
AA	536	0
A	351	423
TOTAL	**887**	**937**

3.4.6 Concentration risk
In order to avoid concentrations in a single obligor, a.s.r. applies a limit on maximum exposure of € 700 million for issuers rated single A rating and higher and € 350 million for issuers rated BBB. The limits apply to the total investment portfolio. The exposure of assets treated in section 3.5 are not included, which is consistent with Solvency II. The CLFC monitors concentration risk on a quarterly basis.
All exposures were within the limits at year-end 2013.

3.5 Counterparty default risk

Counterparty default risk reflects possible losses due to unexpected default or deterioration in the credit standing of counterparties and debtors. Counterparty default risk affects several types of assets:
- mortgages;
- derivatives;
- reinsurance;
- receivables;
- cash and cash equivalents.

Assets that are in scope of spread risk are by definition not in scope of counterparty default risk and vice versa.

3.5.1 Mortgages
Mortgages are granted for the account and risk of third parties and for a.s.r.'s own account. The a.s.r. portfolio consists only of Dutch mortgages with a limited credit risk. In line with the strategic investment plan, the mortgage portfolio increased by € 1.263 million in 2013. The majority of new mortgages in 2013 were guaranteed by the Dutch national mortgage guarantee fund (NHG).

Although residential property prices over the past three years have declined, the indexed value of the collateral of most mortgages is higher than at issue date.

	31 December 2013		31 December 2012	
Mortgages: loan to value	Amount	Percentage	Amount	Percentage
Mortgage with NHG	2.797	58%	1.529	43%
Mortgage < 75% value under foreclosure (indexed)	868	18%	947	27%
Mortgage < 100% value under foreclosure (indexed)	434	9%	470	13%
Mortgage < 125% value under foreclosure (indexed)	476	10%	430	12%
Mortgage > 125% value under foreclosure (indexed)	221	5%	157	5%
	4.796	**100%**	**3.533**	**100%**

As a rule, a.s.r.'s mortgage portfolio is secured by collateralizing the linked life insurance contracts. a.s.r. generally does not grant interest-only mortgages.

At year-end 2013 1.6% (2012: 1.0%) of mortgages were in arrears.

3.5.2 Derivatives
OTC derivatives are primarily used by a.s.r. to manage the interest-rate risks incorporated in the insurance liabilities. Interest-rate derivatives are traded with a well-diversified and qualitative dealer panel with whom there is an established International Swaps and Derivatives Association (ISDA) contract and a Credit Support Annex (CSA) in place. These CSA's include specific agreements on the exchange of collateral limiting market and counterparty risk.

The outstanding value of the interest-rate derivative positions is matched by collateral received from eligible counterparties, limiting the net credit risk to a minimum.

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

	31 December 2013	31 December 2012
AA	8%	2%
A	91%	97%
NR	1%	1%

The table above shows the exposure to reinsurers per rating. The total exposure to reinsurers at year-end 2013 was € 407 million (2012: € 445 million).

3.5.4 Receivables
The receivables of a.s.r. amount to € 855 million.

	31 December 2013	31 December 2012
Receivables from policyholders	325	217
Receivables from intermediaries	174	183
Receivables from reinsurance operations	108	82
Other receivables	248	381
TOTAL	**855**	**863**

An accumulated impairment loss for receivables of € 35 million was recognized in 2013 (2012: € 35 million).

3.5.5 Cash
The current account amounted € 750 million in 2013 (2012: € 756 million). The rating of the counterparties is single A.

3.6 Insurance risk

Insurance risk is the risk that future insurance claims and benefits cannot be covered by premium and investment income. The risk exposure is mitigated by diversification across a comprehensive range of insurance products. Insurance risk is divided into non-life and life risk. The non-life portfolio covers the property and casualty, disability and healthcare sectors. The life portfolio is a well-diversified portfolio consisting of products with either mortality risk or longevity risk.

The variability of risk is further restricted by careful selection and acceptance criteria, as well as underwriting guidelines and reinsurance arrangements. The risks are periodically assessed for each of the insurance segments. If and where required, actions are initiated to adjust the overall risk profile in line with guidelines agreed at group level.

Every insurance segment within a.s.r. holds insurance provisions for future claims arising from existing contracts and assigns assets to cover these insurance liabilities.
- In property & casualty insurance, sickness leave insurance and accident & health insurance (excluding disability insurance), these provisions are based on case reserves estimates for reported claims, as well as additional provisions such as IBN(E)R provisions. The adequacy of these provisions are reviewed at each statement of financial position date using appropriate current principles.
- In life insurance and disability insurance these provisions are based on assumptions underlying the premium calculation. In the case of disability current information is taken into account. By applying shadow accounting, recent impact of movement in the riskfree yield curve and credit spreads on corporate bonds are recognized in the provisions. The adequacy of these provisions are reviewed at each statement of financial position date using appropriate current principles.

No provisions are formed for equalization and catastrophes.

In particular for WGA the provision depends unavoidably on expert judgement. Since the WIA law was introduced in 2006 and the WGA product has a two year waiting period, only limited and often unstable claims information is available. In particular, expert judgment is used on longer term recoveries and the outflow to the IVA (Inkomensvoorziening Volledig Arbeidsongeschikten) of fully disabled. Both will be stimulated by disability reassessments. First indications are that these are effective. The effectiveness will be closely monitored in 2014. A scenario analysis shows a pre-tax sensitivity of ca. 20 million when applying conservative assumptions.

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

Reinsurance and other risk-mitigating measures are used to reduce and contain the volatility of the results or to spread the negative impact on the value as an alternative for the capital requirement.

a.s.r. has assessed the impact of various shocks. The shocks that have been assessed are:
1. Lapse +10%
2. Expense +10%
3. Mortality -5%

The conclusion is that these shocks have no impact on the 2013 and 2012 total equity and the profit for the years, because a.s.r. would still pass the Liability Adequacy Test. The shocks will result in a decrease of the surplus in de Liability Adequacy Test but the outcome would still be positive. For a description of the LAT, see Chapter 2.25.

3.6.1 Non-life insurance portfolio

The non-life insurance portfolio of a.s.r. focuses on Accident & Health and Property & Casualty (Motor, Fire and Liability). The insurance contracts are sold to retail and wholesale clients through intermediaries, underwriting agents and direct distribution channels. The non-life insurance portfolio consists mainly of the following categories.

Accident & Health:
- Disability: disability coverage in the portfolio includes both individual coverage for self-employed persons and (semi-)group coverage for employees. The latter group also qualifies for employees disability cover (WIA);
- Sickness leave: coverage includes continued salary payments for the first two years of the individual's incapacity for work;
- Health insurance: contracts cover medical expenses incurred by physicians and hospitals, and other medical expenses. Basic coverage ('Basisverzekering') is mandatory for all residents of the Netherlands and offers limited coverage as stipulated by the Dutch government. Additional coverage ('Aanvullende verzekering') is sold for a higher level of medical care.

Property & Casualty:
- Motor vehicle third-party liability: motor vehicle liability is a third-party liability insurance that covers bodily injury, medical care and/or loss of income following a road traffic accident, as well as damage caused to another vehicle;
- Fire and other damage to property: fire insurance offers policyholders financial protection against damage to their property and material consequences of interruption of operations as a result of the damage sustained;
- Other liability: this involves third-party liability insurance for both private individuals and businesses.

Non-life insurance risk

Non-life insurance risk primarily comprises of risks resulting from third-party liability, disability and general third-party liability. Liabilities are formed to cover the scale and the long-term character of the claims (especially those involving disability).

Combined ratio
In 2013, the combined ratio increased to 104.6% (2012: 99.2%).This is due to developments in the claims ratio, caused by an increase in claims and the change in liabilities arising from insurance contracts of the product WGA-ER. In the meantime, a.s.r. has taken steps to adjust its prices, make its acceptance criteria stricter and make improvements to the claims settlement process, thereby gaining control and insight. The focus will be on reintegration of disabled employees. Excluding WGA-ER and considering the storm in Q4 2013 the combined ratio in 2013 was at a satisfactory level of 96.5%.

Managing non-life insurance risk
Insurance risk is the risk that future insurance claims and benefits cannot be covered by premium and/or investment income, or that insurance liabilities and results are threatened because the assumptions, used in the development and premium-setting of a product are not realistic. Non-life insurance risk is managed by monitoring claims frequency, the size of claims, inflation, handling time, benefit and claims handling costs, and biometrical risks (disability, recovery, illness, death). Concentration risk also qualifies as an insurance risk.

Claims frequency, size of claim and inflation
To mitigate the risk of claims, a.s.r. bases its underwriting policy on claims history and risk models. The policy is applied to each client segment and to each type of activity. In order to limit claims and/or ensure that prices are adjusted correctly, the acceptance policy is continually refined using a number of indicators and statistical analyses. The product lines also use knowledge or expectations with respect to future trends to estimate the frequency, size and inflation of claims. The risk of unexpected major damage claims is contained by policy limits, the concentration of risk management and specific risk transfer contracts (e.g. reinsurance).

Handling time
The time required for handling and settling claims is an important factor. The settlement of claims that have a long handling time, such as injury or liability claims, can take years. Analyses are performed regularly and based on a.s.r.'s experience in similar cases, historical trends – such as the pattern of liabilities – increases in risk exposure, payment of damages, the scale of current and not yet settled damage claims, court rulings and economic conditions.

Benefit and claims handling costs
Taking estimated future inflation into account, benefit and claims handling costs are managed on the basis of regular reviews and related actions.

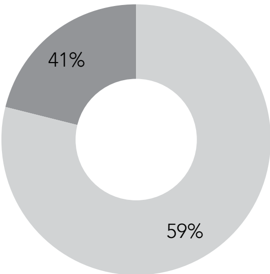
Morbidity risk
Morbidity risk is the risk associated with the uncertainty of claims as a result of higher than expected disability rates and levels in portfolios containing disability, medical expenses and accident insurance products. An additional uncertainty is that recovery or mortality rates might be lower than expected.

Illness, disability and recovery are affected by the economic climate, government intervention, progress in medical science and, in particularly, healthcare costs.

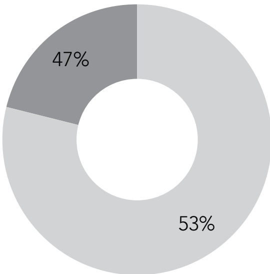
These risks are controlled by means of regular evaluation of historical claims patterns, expected future developments and price adjustments. Disability risk is mitigated by a.s.r. through underwriting criteria and a proactive reintegration policy. a.s.r. also mitigates its disability risk through suitable reinsurance.

Concentration risk
The risk exposure of a.s.r. on its non-life portfolio is geographically almost entirely located in the Netherlands. Concentration of insurance risks is particularly prevalent in the fire risk portfolio (i.e. home and content, with storm risk forming the most important factor). Storm risk is managed by means of suitable reinsurance (see also 'Reinsurance').

There is also a concentration of risk in group disability schemes. Group disability contracts are underwritten within the scope of disability cover for employees in the Netherlands (WIA).

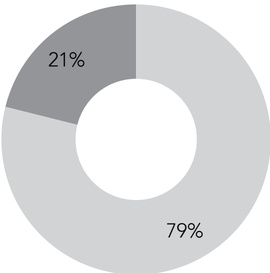


Gross written premiums 2013

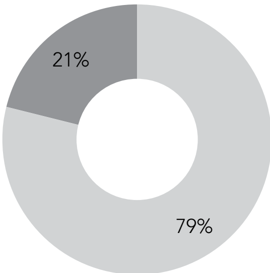


Gross written premiums 2012

	2013	2012
Accident & health	59%	53%
Property & casualty	41%	47%



Gross claims reserves 2013



Gross claims reserves 2012

	2013	2012
Accident & health	79%	79%
Property & casualty	21%	21%

The above diagrams illustrate the distribution of gross premium income and gross claims reserves across the different business lines. Disability insurance contracts account for a relatively large proportion of the claims reserve in relation to premiums. Due to the rapid settlement of the P&C portfolio in general, which generates 41% of premium income, it only represents 21% of the total claims reserve.

Total gross written premium income from non-life insurance activities in 2013 amounted to € 2.392 million (2012: € 2.487 million). In 2013 the net reinsurance premium amounted to € 152 million (2012: € 155 million), which represents 6.33% (2012: 6.02%) of gross premium income.

Reinsurance

When deemed effective in terms of capital relief versus costs incurred, a.s.r. enters into reinsurance agreements for non-life portfolios to mitigate insurance risks. Reinsurance can be taken out for each separate claim (per risk), for the accumulation of claims due to natural disasters or to human actions (per event), or for both these risks.
The level of retention in the various reinsurance contracts is aligned to the size and the risk profile of the underlying portfolios, taking account of the cost of reinsurance on the one hand and of the risk that is retained on the other. By determining the retention, the impact on the statement of financial position is taken into account as well. The difference in the retention of disability depends on the structure of the contract (basic coverage or indexed).

To limit risk concentration, reinsurance contracts are placed with various reinsurance companies.
The reinsurance programme has remained largely the same as 2012 in terms of cover and limits. Minor changes have taken place based on the current risk appetite where necessary. In 2013, a.s.r. purchased excess of loss reinsurance for storm in excess of € 30 million with a limit of € 325 million (2012: € 300 million).

Non-life insurance liabilities

Provision for unearned premium income

Generally, the provision for unearned premium income is calculated based on the premium for own account, proportionate to the unexpired portion of the premium payments. A separate provision is formed for insurance contracts with increasing risk over the duration of the contract where premiums not related to the age of the policyholder are concerned. Changes in the provision for unearned premiums are recognized through profit and loss, which means that the income is recognized during the same risk period.

Provision for claims

The provision for claims consists of the estimated amount of the reported but not settled claims plus an amount for claims not yet reported or incurred during or before the financial year. The latter part is based on historical information. This provision includes a provision for payable external claims handling costs.

The adequacy of the liabilities arising from insurance contracts is tested every quarter.

The results of a.s.r.'s basic health insurance ('Basisverzekering') include an estimate related to the expected settlement because of equalization ('vereveningsmethodiek'). The estimate is made by internal actuaries per year based on the latest updated health information for the Netherlands. At the end of the first quarter, a.s.r. monitors if the assumptions used are correct. The final settlement is recognized three years after the end of the financial year.

The provision for claims for disability insurance equals the present value of the expected benefits, taking account of the policy terms and conditions and qualifying periods, as well as the chances of recovery and death.

The provisions for claims and the provision for unearned premiums at year-end 2013 can be broken down as follows:

31 December 2013	P&C	A&H	Total
Provision for claims	790	3,036	3,826
Provision for unearned premium	212	202	414
TOTAL	**1,002**	**3,238**	**4,240**

31 December 2012	P&C	A&H	Total
Provision for claims	795	2,915	3,710
Provision for unearned premium	216	200	416
TOTAL	**1,011**	**3,115**	**4,126**

The increase of the provision for claims of A&H in 2013 stems primarily from WGA-ER.

Provision for unexpired risk

A provision for unexpired risk is formed to the extent that future claims and expenses – in respect of current insurance contracts – exceed future contractual premiums, taking into account the current unearned premium reserve.

For the retained disability portfolio, a provision is formed for current risk exposure on contracts concluded in 2013 that run until 31 December 2015. This provision is based on the difference between premiums required for accounting and actuarial purposes.

3.6.2 Life insurance portfolio

The life insurance portfolio of a.s.r. is diverse. The portfolio can be divided into two main product types: individual life (including funeral insurance) and group life. Due to a.s.r.'s diversified life insurance portfolio, the longevity risk is limited. The longevity risk in parts of the a.s.r. insurance portfolio is mostly offset by the opposite risk (mortality risk) in other parts of the life portfolio (funeral, term insurance).

The longevity risk is mostly offset by the opposite risk (i.e. mortality risk) in other parts of the life insurance portfolio (unit-linked, funeral, term insurance).

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

Life insurance risk

A life insurance product provides an entitlement to a benefit at the time of death of the insured and/or a benefit at a predetermined date/interval if the insured is alive at that time. The uncertainties related to a life insurance contract have to do with the date of death of the insured (mortality, longevity and catastrophe risk), the lapse rate (the possibility that a contract lapses), and the future development of expenses associated with the policy. A specific feature of life insurance contracts is that they usually last for many years. This feature increases the uncertainties with respect to life contracts. The risk that the investment income will not be not sufficient is regarded as market risk (see Chapter 3.5).

The following life risks are distinguishes by a.s.r.:
- *Mortality risk:* the risk of losses due to the possibility that actual mortality exceeds expected mortality;
- *Longevity risk:* the risk of a structural increase in the insured's life expectancy that leads to an increase in expectations of future annuity and pensions benefits;
- *Catastrophe risk:* the risk of a large-scale one-off loss due to a single event causing high death-claims, such as a pandemic;
- *Lapse risk:* the risk of losses due to policyholders exercising their rights, if any, to surrender their contracts;
- *Expense risk:* the risk of losses due to a change in the level, development or volatility of company expenses.

Managing life insurance risk

Life insurance risk is mitigated by pricing and underwriting policies.

Pricing is based on profit capacity calculations. The necessary price to cover the risks is calculated. The risk are quantified on the basis of best estimate assumptions of mortality rates, surrenders, expenses and interest-rates.

Policies for life insurance are underwritten by a.s.r. They describe the types of risks and the extent of risk a.s.r. is willing to accept. Policyholders may be subjected to medical screening for individual life insurance.

Mortality risk

Mortality risk can be broken down into volatility and trend uncertainty for the best estimate assumptions.
- Volatility: random fluctuations in annual mortality rates in relation to the modelled trend.
- Trend uncertainty: structural decline in the insured's life expectancy.

The mortality risk is limited by the policy of periodically updating mortality tables. Reinsurance arrangements have been put in place to cover the volatility risk of large losses that might arise from single events that have been insured for large amounts.

Longevity risk

For contracts that guarantee benefits during a policyholder's lifetime, longevity risk is mainly a trend risk. The adequacy of insurance liabilities is measured using information gathered from the most recent published mortality table of the Actuarial Society of the Netherlands published in 2012. This recent table contains the latest available data on mortality trends for the Dutch population.

The longevity risk is mostly offset by the opposite risk (i.e. mortality risk) in other parts of the life insurance portfolio (unit-linked, funeral, term insurance).

Catastrophe risk
Reinsurance arrangements have been set up to mitigate the effects of catastrophes on earnings.

Lapse risk
If a policyholder has the right to surrender their contract, an amount is paid to the policyholder (the surrender value) and the contract is cancelled. A contract can also be terminated if the policyholder decides to cease to pay any further premiums. The contract is then converted into a paid-up contract.

After deduction of capitalized acquisition costs if applicable, the provision for each life insurance contract equals at least the surrender value or the paid-up value of the contract. As a result no direct loss from lapses are recognized in the financial statements.

Although a lapse does not lead to a direct loss in the statement of income, due to the surrender value requirement underlying the provision, a lapse might lead to a loss of future profits. These effects of lapse risk are monitored in the current Solvency II-based risk frameworks, as are other life risks.

Expense risk
Product features ensure that there is no risk on commission fees. Expense risk is therefore restricted to administrative expenses. Projections are made of future administrative expenses and the expected future income from contracts to cover those administrative expenses. This prospective analysis of administrative expenses are the basis for managing and controlling expense risk. In 2013, a.s.r. carried out extensive analysis of the cost allocation process and the modeling of costs in the products in the segment Life. The impact of any (methodological) change in the costs modelling or parameter setting is material on solvency level for these products.

Reinsurance
The group enters into reinsurance contracts to minimize insurance risks. Reinsurance may be in place for a separate contract or for all or part of the portfolio.

The level of retention in different reinsurance contracts is aligned to the size and the risk profile of the underlying portfolios. This includes taking account of the cost of reinsurance on the one hand and the risk that is retained on the other.

To limit risk concentration, reinsurance contracts are placed with different reinsurance companies. a.s.r. has the following retentions for life insurance:

	31 December 2013		31 December 2012	
Retentions	Highest retention at risk	Highest retention at event	Highest retention at risk	Highest retention at event
Life	750	3,000	750	3,000

Insurance liabilities
Adequacy of insurance liabilities
The adequacy of the technical insurance liabilities is tested at least every quarter and evaluated every month (and more frequently, if required). The a.s.r. testing policy for liabilities complies with IFRS requirements and DNB guidelines (see Chapter 2.25).

The overall adequacy of the liabilities arising from insurance contracts at 31 December 2013 has been confirmed by internal actuaries and certified by external actuaries.

Life insurance liabilities
The technical provision is based on the premium calculation at the time the contract is issued. The probability of death is based on past experience and on expected future developments in mortality

rates. Additional liabilities are arranged in case of unfavourable trends following the issue date (e.g. increased life expectancy).

The life insurance portfolio contains individual and group insurance contracts. The products are sold as insurance products in cash and unit-linked contracts. With respect to products in cash, the investment risk is borne fully by the insurer whereas, in case of unit-linked products, the majority of the investment risk is for the policyholder's account.

The provision at year-end 2013 can be broken down as follows:

Life insurance contracts	Individual	Group	Total
31 December 2013			
Without profit-sharing	4,161	1,574	5,735
Contractual profit-sharing (and interest margin participation)	5,984	5,819	11,803
Discretionary profit-sharing	2,150	-	2,150
TOTAL	**12,295**	**7,393**	**19,688**
31 December 2012			
Without profit-sharing	4,089	1,542	5,631
Contractual profit-sharing (and interest margin participation)	6,863	6,617	13,479
Discretionary profit-sharing	2,203	-	2,203
TOTAL	**13,155**	**8,159**	**21,314**

Insurance contracts on behalf of policyholders	Individual	Group	Saving Fund Insurance	Total
31 December 2013				
No guaranteed return	5,194	2,287	470	7,951
Guaranteed return	720	321	-	1,41
TOTAL	**5,914**	**2,608**	**470**	**8,992**
31 December 2012				
No guaranteed return	5,156	2,097	555	7,808
Guaranteed return	729	389	-	1,118
TOTAL	**5,885**	**2,486**	**555**	**8,926**

The development of the provision is explained in chapter 16.1.

3.6.3 Pension risk; post- employment benefits

Pension risk is defined as the risk that the liabilities exceed the assets of a defined benefit pension plan. To fulfil the obligation to finance the plan, a.s.r. has insured the post-employment benefit plans for a.s.r.'s employees with ASR Levensverzekering N.V. a group company. A number of defined benefit plans for own staff are operated by a.s.r. ASR Levensverzekering N.V., an insurance company and a group entity, is the insurer of the post-employment benefit plan and as such the asset liability management and risk management is performed in accordance with the relevant insurance risks as disclosed in Chapter 3.6.2. The non-qualifying assets managed by group companies are used to fund the liability which has not been deducted from the net defined benefit obligation.
These are schemes under which staff are awarded pension benefits upon retirement. Pension risk is therefore incurred for these plans and consists mainly of longevity risk and inflation risk.
The most recent mortality table 'AG Prognosetafel 2012-2062' is used in the calculation of the

defined benefit obligation. A description of the plans, assumptions, sensitivities and disclosure related to the post-employment benefits plans is included in Chapter 17.
The Economic Capital model ('ECAP') that a.s.r. uses, is an important steering mechanism for value management. Interest-rate, longevity and inflation risk incurred for the employee benefits of own staff are taken into account in the calculation of required capital in the ECAP model.

3.7 Strategic and operational risk

Strategic risk is defined as the risk that a.s.r. will not reach its targets because of invalid decision-making, incorrect implementation of decisions and/or failure to respond adequately to market developments. In order to remain a solid, trusted and profitable insurance company in relation to the continuing pressure on the Dutch insurance market, it is extremely important to identify strategic issues and to take the appropriate action.

Operational risk is the risk of losses resulting from inadequate or failing internal processes, persons and systems, or from external events (including legal risk).The main areas where operational risks are incurred are IT, outsourcing, integrity, legal issues and operations.

Strategic and operational risks are mitigated at different levels in the organization.

Strategic risk

Risk priorities

a.s.r.'s risk priorities are set annually by the Executive Board. Defining the risk priorities is a bottom-up process. Risk priorities are based on the Control Risk Self Assessments of the business units among other factors. Risk Management reports the actual status of the risk priorities and progress of the defined actions in the a.s.r. Risk Committee on a quarterly basis.

Own Risk and Solvency Assessment

a.s.r. conducts an own risk and solvency assessment (ORSA) at both group and legal entity level annually, or more frequently if required by significant changes in the risk profile The ORSA is a tool for risk and capital management. In this assessment, strategic risks are transposed into scenarios. In these scenario's the impact on the balance sheet, the solvency position and the income statement is simulated. Management actions are defined in order to mitigate the effect of the scenario's.

Control Risk Self-Assessment
Under supervision of the Risk Management department, a Control Risk Self-Assessment (CRSA) is conducted annually at all a.s.r. business lines and staff departments. Key risks threatening the achievement of the organization's strategic objectives are taken into account in the CRSA. Following this assessment, each department prepares a report outlining all identified key risks and the actions that need to be taken to mitigate them. These mitigating actions need to be implemented within a one-year timeframe. This report and the mitigating actions are authorized by the management teams of the business units and the Executive Board. Senior Management signs the Management in Control Statement (MCS) each year which is based on the CRSA. Progress made on the mitigating actions as defined in the CRSA is monitored on a quarterly basis in the Business Risk Committees and reported to the Non-Financial Risk Committee.

Operational risk
Management in Control
Management in Control is a tool to assess operational risks to further improve the efficiency and the effectiveness of the organization. Every business unit has identified the key risks in their business processes and has taken actions to implement key controls to mitigate these risks. Key controls are periodically tested for operational effectiveness. The outcome of the test results, and thereby the status of being 'in control' is reported to the Business Risk Committee and the Non-Financial Risk Committee on a quarterly basis.

Operational losses
Any department may suffer operational losses. a.s.r. therefore has a process in place for reporting losses in excess of € 5,000 (five thousand) to the group Risk Management department. Losses below this level are reported within the business unit. The causes of losses are evaluated (incident management) and the losses are reported to the Non-Financial Risk Committee.

Business Continuity Management and Contingency planning
Critical processes and activities are identified, including the resources needed to establish similar activities at a remote location. The continuity of the activities and the recovery of systems supporting critical activities is regularly tested. Crisis teams have been established and are trained every year to deal with any type of catastrophe. The objective of the training is to give the teams insight into how they function and help them do their job in case of an emergency. The training also clarifies the roles, duties and responsibilities of the members of the crisis teams.

Information security
Because of the importance of information security in an increasingly digital community, a.s.r. devotes special attention to the efficiency, effectiveness and integrity of ICT. Risk Management facilitates this by focusing on improving information and access security. The control of logical access to the key applications in the financial reporting process remains a high priority. The logical access control procedure helps a.s.r. to enhance the integrity of applications and data. The logical access control procedure also prevents fraud by improving segregation of duties and by conducting regular checks of actual access levels within the applications. Proper understanding of information and security risks is essential, and this is why an awareness campaign was launched in 2012 and continued in 2013 to further improve the risk awareness of employees.

3.8 Hedge accounting

The group has entered into a limited number of cash flow hedges, for which it applies hedge accounting to hedge some of its interest-rate risk in the Other segment. These hedging transactions, only hedge risk on a limited number of separate property development contracts. Under IFRS, derivatives are measured at fair value in the balance sheet and any changes in the fair value are recognized through profit and loss. In the event that changes in the fair value of hedged risks are not recognized through profit and loss, an accounting mismatch occurs, making the results more volatile. In these cases, hedge accounting is applied to mitigate the accounting mismatch and volatility.

For details on the notional amounts and the fair values of the derivatives for hedging purposes, see Chapter 11.4.

3.9 Solvency II

Solvency II is the regulatory framework for European insurance companies that will replace the current Solvency I regime. The introduction of the new regime is intended to harmonize the European insurance market, increase protection of policyholders and improve risk awareness in both the governance and management of insurance companies. Solvency II sets more sophisticated solvency requirements and will form an integral part of the risk management of insurance companies.

In December 2013, the Council of the EU adopted the Solvency II Directive scheduling the application date of the Solvency II Directive for 1 January 2016. In anticipation of the implementation date of 1 January 2016 EIOPA has published Preparatory Guidelines, in particular regarding Pillar 2 topics such as System of Governance and Forward Looking Assessment of Own Risks and Pillar 3 Reporting guidelines. DNB has adopted these guidelines which apply to Dutch insurance companies as of 1 January 2014.

Solvency II at a.s.r. in 2014

With the introduction of the Preparatory Guidelines and the application date set at 1 January 2016, a.s.r. will continue with the preparations for Solvency II readiness. Priority will be given to implementation of all Preparatory Guidelines to ensure that Solvency II requirements will be implemented in 2016. With another two years to go a.s.r. expects to be ready for the application of the Solvency II Directive as of 1 January 2016.

Highlights in 2013

- Solvency II implementation is on track.
- ORSA has been further developed and is structurally embedded in the business. The ORSA at group level has been performed for the third time. The ORSA was also carried out at legal entity level in 2013. The ORSA at group and legal entity level will be carried out at least once a year.
- Actions taken in 2012 regarding data management were continued in 2013 and a.s.r. decided to develop EIOPA's Quantitative Reporting Templates (QRT) with regard to data management in order to comply with Solvency II.
- a.s.r. performed the first test run of the QRT's in Q4 2013.
- a.s.r. participated in the Long Term Guarantee Assessment (LTGA), organized by EIOPA in 2013. The LTGA assesses the so-called LTG package – a series of selected regulatory measures aimed at ensuring an appropriate supervisory treatment of long-term guarantee products, also under volatile market conditions. Six LTG measures are covered by this assessment, tested in different combinations through a series of 13 quantitative scenarios and tailored qualitative questions. The LTGA technical specifications were adapted by a.s.r. in 2013. The LTGA was carried out for several legal entities.
- ASR Levensverzekering N.V. participated in the Theoretic Solvency Criteria (TSC) assessment organized by DNB (known as Solvency 1,5) in 2013. The TSC is a criterion in addition to current legislation which aims to improve current supervision to become more risk based and forward looking. The outcome of the TSC could indicate whether DNB might be requested to issue a statement of no objection for a specific type of capital extraction.

4 Capital and liquidity management

4.1 Capital management

4.1.1 Capital management objectives
The group is committed to maintaining a strong capital position so as to be a robust insurer for its policyholders and other stakeholders. The objective is to maintain a solvency level that is well above the minimum regulatory requirement (Solvency I). Stress tests are performed for principal risks. 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.

The group is preparing for the Solvency II capital requirements. In 2013, a.s.r. continued to implement a process to report the Solvency Capital Requirement as defined by Solvency II using the latest standard Solvency II model, as defined in the LTGA specifications, to quantify the risks.

In addition, a.s.r. uses an Economic Capital (ECAP) method that reflects its own risk profile more accurately. The ECAP method will be refined further. Both SCR and ECAP are reported on a semi-annual basis and proxies are made on a monthly basis.

4.1.2 Solvency
The regulatory solvency capital of a.s.r. can be broken down as follows:

	31 December 2013	31 December 2012
Regulatory solvency available (incl UFR)	4,182	4,620
Regulatory solvency required	1,563	1,574
Regulatory solvency ratio (incl UFR)	268%	293%
Regulatory solvency available excl UFR	3,693	3,644
Regulatory solvency required	1,563	1,574
Regulatory solvency ratio excl UFR	236%	231%

The solvency ratio including UFR as reported to the regulator decreased from 293% to 268%.

The regulator has prescribed application of the UFR to the discounting curve since 30 June 2012. As a result, the forward interest-rates converge to a level of 4.2%. This has an impact of 32% (2012: 62%) on the regulatory solvency ratio. With respect to 2012 this impact has decreased because of the higher interest-rate levels in 2013. Since this assumption is artificial and might be too optimistic, a.s.r. also evaluates its solvency position without applying the UFR to the discounting curve.

a.s.r. decided to start recognizing diversification in the calculation of the aggregated stress scenario in 2013. The correlation factors of Solvency II are applied. The impact of the diversification is 12% (2012: 16%). The total impact of the stress scenarios including diversification is 62% (2012: 75%), resulting in a solvency ratio (excl UFR) after stress of 174% (2012: 157%).

When applying the UFR, a total impact of the stress scenarios of 64% would result in a regulatory solvency ratio (incl UFR) of 204%.

	31 December 2013	31 December 2012
Equity	3,015	2,663
Correction hybrids	-4	-8
Correction intangible assets	-191	-327
Revaluation of property (exclusive of non-controlling interest)	785	874
Test margin	265	963
Elimination of post-employment benefit plan	312	455
REGULATORY SOLVENCY AVAILABLE	**4,182**	**4,620**

With the consent of DNB, the margin on insurance liabilities (DNB LAT margin) has been taken into account in determining regulatory solvency. For a description of the LAT, see Chapter 2.25.

Besides monitoring at group level, a.s.r. also monitors and manages the regulatory solvency at a registered insurance company level. DNB approval is required, prior to dividend payments or other repayments of equity by ASR Nederland N.V. and any of the registered group insurance companies.

The a.s.r. post-employee benefit plans are insured by ASR Levensverzekering N.V., an a.s.r. group insurance company. The post employee benefit provision in excess of the insurance provisions is eliminated in determining the regulatory solvency available and the regulatory solvency required.

4.2 Rating

Standard & Poor's confirmed the singleA rating of ASR Levensverzekering N.V. and ASR Schadeverzekering N.V. on 19 June 2013.

Ratings Standard & Poor's	Type	Rating	Outlook	Date
ASR Levensverzekering N.V.	CCR	A	Stable	23 August 2012
ASR Levensverzekering N.V.	FSR	A	Stable	23 August 2012
ASR Schadeverzekering N.V.	CCR	A	Stable	23 August 2012
ASR Schadeverzekering N.V.	FSR	A	Stable	23 August 2012

Rating reports can be found on the a.s.r. website: www.asr.nl/EN/about-asr

4.3 Dividend

The group intends to distribute a stable dividend to the shareholders each year, subject to capital management objectives. Dividends are based on a pay-out of 40%-45% of profit attributable to holders of equity instruments after distribution to holders of hybrid Tier 1 instruments.

4.4 Liquidity management

With regard to liquidity management, a.s.r. needs to be able to meet its obligations towards policyholders and other creditors at all times. Unexpected cash outflows could occur as result of lapses in the insurance portfolio, withdrawals of savings, or payments related to the CSA of derivatives. Unexpected cash outflows can be covered by cash and cash equivalents (€ 750 million), liquid government bonds (€ 9,389 million), and other bonds and shares.

The following table shows the contractual cash flows of assets and liabilities (excluding investments on behalf of policyholders and insurance contracts on behalf of policyholders). For liabilities arising from insurance contracts, expected lapses and mortality risk are taken into account. Profit sharing cashflow of insurance contracts is not taken into account, as well as equities, property and swaptions.

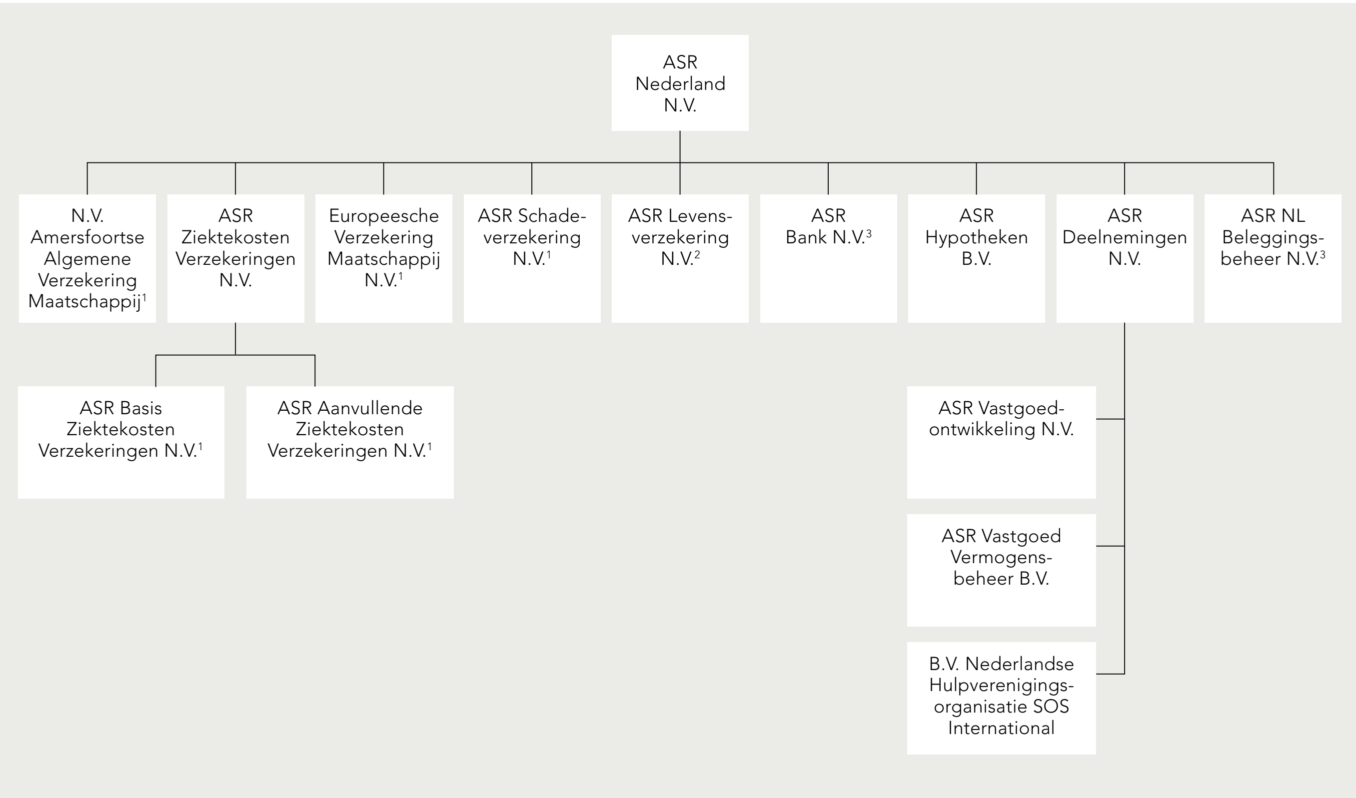
31 December 2013	< 1 year	1-5 year	5-10 year	10-20 year	> 20 year
Fixed income securities	4,913	3,790	9,810	11,712	11,845
Liabilities	-2,137	-6,565	-5,489	-10,849	-19,985
	2,776	**-2,775**	**4,321**	**863**	**-8,140**

31 December 2012	< 1 year	1-5 year	5-10 year	10-20 year	> 20 year
Fixed income securities	5,429	3,756	8,523	17,438	7,735
Liabilities	-4,228	-6,195	-5,284	-10,033	-18,685
	1,200	**-2,439**	**3,239**	**7,405**	**-10,950**

5 Group structure and segment information

5.1 Group structure

The a.s.r. group comprises a number of operating and holding companies. The legal structure and segments of the most significant a.s.r. group entities is as follows:



1 Registered non-life insurance companies
2 Registered life insurance companies
3 Other wft registered companies (included in segment Other)

The group distinguishes between the Non-Life, Life and Other segments. The Non-Life segment is comprised of non-life insurance entities and their subsidiaries. These non-life insurance entities offer non-life insurance contracts. Insurance entities are entities that accept the transfer of insurance risks from policyholders.
The Life segment comprises all life insurance entities and their subsidiaries. These life insurance entities offer financial products such as life insurance contracts and life insurance contracts on behalf of policyholders. The Non-Life and Life segments have different levels of profitability and growth opportunities, as well as a different outlook and risk profile. See chapter 7.3 for a list of principal group companies and associates in the relevant segments

The segment 'Other' includes among others, the following entities:
- ASR Nederland N.V. (including the group related activities) and other holding companies;
- ASR Bank N.V.;
- ASR Hypotheken B.V.;
- ASR Deelnemingen N.V.;
- ASR Vastgoed Ontwikkeling N.V.;
- ASR Vastgoedvermogensbeheer B.V.;
- B.V. Nederlandse Hulpverleningsorganisatie-SOS International;
- ASR NL Beleggingsbeheer N.V.

As from 2013, Ditzo B.V., the distribution channel, has been fully included in the Non-Life segment following the legal merger with ASR Schadeverzekering N.V. Previously the underwriting income and expenses were recognized in the Non-Life segment and the income and expenses related to the distribution were included in segment Other.

The legal merger of ASR Nederland N.V. with ASR Verzekeringen N.V. and Amersfoortse Verzekeringen N.V. is effective as of 9 September 2013, retrospectively from 1 January 2013.

The eliminations applied in the reconciliation of the segment information with the consolidated balance sheet and the consolidated income statement are separately presented in chapter 5.2 and 5.3.

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

Segment information has been prepared in accordance with the accounting principles used for the preparation of a.s.r.'s consolidated financial statements (as described in chapter 2).

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

The operating profits of the segments are assessed on the basis of the segments' income statements.

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5.2 Segmented balance sheet

As at 31 December 2013	Non-Life	Life	Other	Eliminations	Total
Intangible assets	1	246	6	-	253
Deferred acquisition costs	65	176	-	-	241
Property, plant and equipment	1	84	12	-	97
Investment property	235	1,366	16	-	1,617
Associates and joint ventures	-	144	46	-	190
Investments	4,154	15,212	2,320	-2,031	19,655
Investments on behalf of policyholders	-	8,049	-	-	8,049
Loans and receivables	431	7,253	965	-165	8,484
Derivatives	4	1,050	-	-	1,054
Deferred tax assets	-	-	228	-	228
Reinsurance contracts	407	-	-	-	407
Other assets	-5	495	149	-	639
Cash and cash equivalents	289	995	208	25	1,517
Total assets	**5,582**	**35,070**	**3,950**	**-2,171**	**42,431**
Equity attributable to holders of equity instruments	898	2,632	-497	-	3,033
Non-controlling interests	-	-	-18	-	-18
Total equity	**898**	**2,632**	**-515**	**0**	**3,015**
Subordinated debt	15	30	-	-45	-
Liabilities arising from insurance contracts	4,240	21,677	-	-1,989	23,928
Liabilities arising from insurance contracts on behalf of policyholders	-	8,992	-	-	8,992
Employee benefits	-	-	2,426	-	2,426
Provisions	1	7	30	-	38
Borrowings	5	76	84	-77	88
Derivatives	-	533	2	-	535
Deferred tax liabilities	52	-250	198	-	-
Due to customers	30	319	1,057	-40	1,366
Due to banks	2	675	-	-	677
Other liabilities	339	379	668	-20	1,366
Total liabilities	**4,684**	**32,438**	**4,465**	**-2,171**	**39,416**
Total liabilities and equity	**5,582**	**35,070**	**3,950**	**-2,171**	**42,431**
Additions to					
Intangible assets	-	1	7	-	8
Property, plant and equipment	-	48	2	-	50
TOTAL ADDITIONS	**-**	**49**	**9**	**-**	**58**

5.2 Segmented balance sheet (continued)

As at 31 December 2012 (restated)	Non-Life	Life	Other	Eliminations	Total
Intangible assets	2	264	3	-	269
Deferred acquisition costs	62	209	-	-	271
Property, plant and equipment	-	45	30	-	75
Investment property	260	1,521	-7	-	1,774
Associates and joint ventures	-	157	56	-	213
Investments	4,012	16,176	2,343	-1,984	20,547
Investments on behalf of policyholders	-	8,217	-	-	8,217
Loans and receivables	368	6,482	1,040	-693	7,197
Derivatives	3	2,198	-	-	2,201
Deferred tax assets	-67	-33	112	-	12
Reinsurance contracts	445	-	-	-	445
Other assets	95	921	-260	-38	718
Cash and cash equivalents	252	2,285	310	-291	2,556
Total assets	**5,432**	**38,442**	**3,627**	**-3,006**	**44,495**
Equity attributable to holders of equity instruments	947	2,717	-988	-	2,676
Non-controlling interests	-	-	-13	-	-13
Total equity	**947**	**2,717**	**-1,001**	**-**	**2,663**
Subordinated debt	15	30	-	-45	-
Liabilities arising from insurance contracts	4,126	23,263	-	-1,949	25,440
Liabilities arising from insurance contracts on behalf of policyholders	-	8,926	-	-	8,926
Employee benefits	-	-	2,548	-	2,548
Provisions	-	1	30	-	31
Borrowings	4	363	667	-908	126
Derivatives	-	363	3	-	366
Deferred tax liabilities	-	-	-	-	-
Due to customers	25	483	986	-79	1,415
Due to banks	4	1,878	-	-	1,882
Other liabilities	311	418	394	-25	1,098
Total liabilities	**4,485**	**35,725**	**4,628**	**-3,006**	**41,832**
Total liabilities and equity	**5,432**	**38,442**	**3,627**	**-3,006**	**44,495**
Additions to					
Intangible assets	-	2	4	-	6
Property, plant and equipment	-	13	7	-	20
TOTAL ADDITIONS	**-**	**15**	**11**	**-**	**26**

5.3 Segmented income statement

2013	Non-Life	Life	Other	Eliminations	Total
Gross premiums written	2,392	1,666	-	-135	3,923
Change in provision for unearned premiums	1	-	-	-	1
Gross insurance premiums	**2,393**	**1,666**	**-**	**-135**	**3,924**
Reinsurance premiums	-151	-13	-	-	-164
Net insurance premiums	**2,242**	**1,653**	**-**	**-135**	**3,760**
Investment income	143	1,251	120	-30	1,484
Realized gains and losses	86	395	5	-	486
Fair value gains and losses	-11	357	2	-	348
Result on investments on behalf of policyholders	-	783	-	-	783
Fee and commission income	35	-	10	-	45
Other income	6	9	190	-	205
Share of profit/(loss) of associates and joint ventures	-	14	-	-	14
Total income	**259**	**2,809**	**327**	**-30**	**3,365**
Insurance claims and benefits	-1,923	-3,381	-	182	-5,122
Insurance claims and benefits recovered from reinsurers	96	14	-	-	110
Net insurance claims and benefits	**-1,827**	**-3,367**	**-**	**182**	**-5,012**
Operating expenses	-240	-199	-110	2	-547
Restructuring provision expenses	-11	-10	-3	-	-24
Acquisition costs	-390	-65	-	-	-455
Impairments	-12	-49	-30	-	-91
Interest expense	-3	-240	-41	-73	-357
Other expenses	-16	-61	-256	54	-279
Total expenses	**-672**	**-624**	**-440**	**-17**	**-1,753**
Profit before tax	**2**	**471**	**-113**	**-**	**360**
Income tax expense	3	-104	17	-	-84
Profit for the year	**5**	**367**	**-96**	**-**	**276**
Profit attributable to non-controlling interests	-	-	5	-	5
PROFIT ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS	**5**	**367**	**-91**	**-**	**281**

5.3 Segmented income statement (continued)

2012 (restated)	Non-Life	Life	Other	Eliminations	Total
Gross premiums written	2,487	1,891	-	-88	4,290
Change in provision for unearned premiums	92	-	-		92
Gross insurance premiums	**2,579**	**1,891**	**-**	**-88**	**4,382**
Reinsurance premiums	-155	-7	-	-	-162
Net insurance premiums	**2,424**	**1,884**	**-**	**-88**	**4,220**
Investment income	152	1,289	105	-28	1,518
Realized gains and losses	43	238	4	-	285
Fair value gains and losses	-5	574	-	-	569
Result on investments on behalf of policyholders	-	949	-	-1	948
Fee and commission income	50	-	19	-	69
Other income	5	29	238	-8	264
Share of profit/(loss) of associates and joint ventures	-	10	-19	-	-9
Total income	**245**	**3,089**	**347**	**-37**	**3,644**
Insurance claims and benefits	-1,966	-3,872	-	131	-5,707
Insurance claims and benefits recovered from reinsurers	101	-1	-	-	100
Net insurance claims and benefits	**-1,865**	**-3,873**	**-**	**131**	**-5,607**
Operating expenses	-226	-223	-148	10	-587
Restructuring provision expenses	-18	-7	-5	-	-30
Acquisition costs	-454	-139	-	9	-584
Impairments	-13	-53	-38	1	-103
Interest expense	-3	-258	-112	-30	-403
Other expenses	-18	-70	-181	4	-265
Total expenses	**-732**	**-750**	**-484**	**-6**	**-1,972**
Profit before tax	**72**	**350**	**-137**	**-**	**285**
Income tax expense	-13	-75	112	-	24
Profit for the year	**59**	**275**	**-25**	**0**	**309**
Profit attributable to non-controlling interests	-	-	7	-	7
PROFIT ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS	**59**	**275**	**-18**	**-**	**316**

Ditzo has been integrated into the Non-Life segment since 2013. Operational expenses on a comparable basis for 2012 were € 243 million.

5.4 Technical result

The technical result includes insurance premiums, allocated investment income less insurance costs (claims), distribution costs and operating expenses. Income from investments includes rentals, interest income, dividends and revaluations. Realized gains and losses relate to financial assets classified as available for sale and investment property, as well as gains and losses on financial assets recognized at fair value through profit and loss.

Investment income less investment expenses is allocated to the non-life and life products on the basis of the investment portfolio that covers the insurance contracts for the product in question.

Retained gains or losses on the sale of investments relate to the realized total revaluation of investment property and financial assets available for sale, to the extent that these cannot be allocated to the different non-life and life products. These gains or losses are recorded in profit or loss.

The non-technical result includes income from investments that have been allocated to equity and the general provisions, as well as a number of specific results not allocated to insurance activities.

Technical result, Non-Life	2013	2012
Gross premiums written	2,392	2,487
Change in provision for unearned premiums	1	92
Gross insurance premiums	**2,393**	**2,579**
Reinsurance premiums	-151	-155
Net insurance premiums	**2,242**	**2,424**
Net insurance claims and benefits	-1,604	-1,467
Change in liabilities arising from insurance contracts	-223	-398
Fee and commission expense	-355	-404
Technical result (underwriting)	**60**	**155**
Allocated gain (loss) on investments - to technical result	101	83
Allocated gains or losses – to technical result	-	-
Allocated other income and expense – to technical result	-3	-5
Operating expenses	-240	-225
Restructuring provision expense	-11	-18
Technical result – before proceeds (loss) from sales of investments	**-93**	**-10**
Proceeds (loss) from sales of investments	56	26
Technical result	**-37**	**16**
Non-technical result	39	56
PROFIT BEFORE TAX	**2**	**72**

The profit before tax decreased to the amount of € 2 million. This is mainly caused by an increase in occupational disability insurance claims amounting to € 81 million, primarily relating to the product WGA-ER. The gross premiums written decreased in relation to 2012 by 4% which is mainly driven by the choice of prioritizing return over revenue. The operating expenses increased compared to 2012 due to the transfer of Ditzo and investments in strategic projects.

Technical result, Life	2013	2012
Gross premiums written	1,666	1,891
Change in provision for unearned premiums	-	-
Gross insurance premiums	**1,666**	**1,891**
Reinsurance premiums	-13	-7
Net insurance premiums	**1,653**	**1,884**
Net insurance claims and benefits	-2,912	-3,663
Change in liabilities arising from insurance contracts	-455	-209
Fee and commission expense	-65	-138
Technical result (underwriting)	**-1,779**	**-2,126**
Allocated gain (loss) on investments - to technical result	1,634	1,911
Allocated gains or losses - to technical result	619	654
Allocated other income and expense – to technical result	-2	-30
Operating expenses	-199	-221
Restructuring provision expense	-10	-7
Technical result – before proceeds (loss) from sales of investments	**263**	**181**
Proceeds (loss) from sales of investments	51	14
Technical result	**314**	**195**
Non-technical result	157	155
PROFIT BEFORE TAX	**471**	**350**

In line with market developments gross written premiums declined 12% to € 1,666 million and attributable to a decrease in single premiums sold and a decrease in regular premiums. Sales of new insurance contracts were influenced by the introduction of the commission ban as of 1 January 2013 for complex financial products, such as life insurance policies, which impacted sales of new insurance contracts. The level of lapses and early surrenders at individual life insurances were, after the high level in previous year, back at historical 'normal' level. The decrease of single premiums (-28%) is due to the the preference of value over volume as a result of which a less competitive premium was utilized.

The increase of profit before tax to € 471 million (+35%) is mainly attributable to a higher contribution of investment results, the focus to decrease operating expenses and lower fee and commission expenses.
The cost-premium ratio improved 0.4%-point to 11.6% owing to the decrease of operating expenses that more than offset the decrease of gross written premiums.

Investment results went up thanks to capital gains, less impairments combined with stable investment returns. The development of derivatives and investments on behalf of policyholders explains the volatility of the investment results, but these effects are compensated in the technical provision.

5.5 Non-life insurance per business line

	Gross premiums written	Net earned premiums	Net insurance claims and benefits[1]	Fee and commission expense	Operating expenses[2]	Technical result
2013						
Accident and health	1,417	1,316	-1,254	-118	-128	-69
Motor	426	428	-297	-96	-56	4
Fire and other property damage	311	299	-162	-90	-35	19
Other	238	199	-114	-51	-32	9
	2,392	**2,242**	**-1,827**	**-355**	**-251**	**-37**
2012						
Accident and health	1,404	1,350	-1,176	-114	-121	7
Motor	486	511	-374	-125	-49	-16
Fire and other property damage	347	350	-206	-107	-38	5
Other	250	213	-109	-58	-35	20
	2,487	**2,424**	**-1,865**	**-404**	**-243**	**16**

5.6 Non-life ratios

The Non-Life segment combined ratio can be broken down as follows:

	2013	2012
Claims ratio	78.3%	73.4%
Commission ratio	15.8%	16.7%
Expense ratio	10.5%	9.1%
COMBINED RATIO	**104.6%**	**99.2%**

In 2013, the combined ratio increased to 104.6% (2012: 99.2%). This is due to developments in the claims ratio, caused by an increase in claims and the change in liabilities arising from insurance contracts of the product WGA-ER. These losses amounted to € 183 million for a.s.r. in 2013. Disregarding this additional WGA-ER charge, the combined ratio reached a robust 96.5%.

Ditzo has been integrated in the Non-Life segment since 2013. The expense ratio for 2012 on a comparable basis was 9.8% and the commission ratio 16.2%.

For the calculation of the expense ratio a total of € 16 million (2012: € 23 million) of restructuring provision expenses and internal investment costs have been eliminated from the total operating expenses of € 251 million (2012: € 244 million).

1 Including change in liabilities arising from insurance obligations
2 Including restructuring provision expenses

Notes to the consolidated balance sheet

6 Intangible assets

Intangible assets can be broken down as follows:

	31 December 2013	31 December 2012
Goodwill	3	3
Value Of Business Acquired (VOBA)	244	264
Software and other intangible assets	6	2
TOTAL INTANGIBLE ASSETS	**253**	**269**

2013	Goodwill	VOBA	Other intangible assets	Total
Cost price	70	494	59	623
Accumulated amortization and impairments	-67	-250	-53	-370
At 31 December	**3**	**244**	**6**	**253**
At 1 January	3	264	2	269
Acquisitions	2	1	5	8
Amortization	-	-20	-1	-21
Impairments	-2	-1	-	-3
AT 31 DECEMBER	**3**	**244**	**6**	**253**

2012	Goodwill	VOBA	Other intangible assets	Total
Cost price	68	493	54	615
Accumulated amortization and impairments	-65	-229	-52	-346
At 31 December	**3**	**264**	**2**	**269**
At 1 January	1	282	2	285
Acquisitions	5	-	1	6
Amortization	-	-18	-1	-19
Impairments	-3	-	-	-3
AT 31 DECEMBER	**3**	**264**	**2**	**269**

Goodwill

For the purposes of impairment testing, goodwill is allocated to the cash-generating units of the relevant operating segment. The goodwill as at 31 December 2013 relates to ASR Nederland Vastgoed Maatschapij N.V. and B.V. Nederlandse Hulpverleningsorganisatie-SOS International in segment Life and Other respectively.

Value of Business Acquired (VOBA)

VOBA mainly relates to the acquisition of Stad Rotterdam. At year-end 2013, the remaining amortization period of VOBA is 17 years and the average amortization for the next 5 years is € 18 million per year.

7 Deferred acquisition costs

Movements in deferred acquisition costs (DAC) can be broken down as follows:

	31 December 2013	31 December 2012
At 1 January	271	357
Capitalized acquisition costs	-	1
Amortization	-31	-91
Other changes	1	4
AT 31 DECEMBER	**241**	**271**

As a result of the amendment in the life insurance market, where commissions to intermediaries no longer is permitted, the DAC is expected to decrease significantly in the next few years, mainly due to amortization.

8 Property, plant and equipment

Property, plant and equipment can be broken down as follows:

	31 December 2013	31 December 2012
Land and buildings for own use	85	59
Equipment	12	16
TOTAL PROPERTY, PLANT AND EQUIPMENT	**97**	**75**

In 2013 the renovation of the Archimedeslaan 10 has progressed with an amount of € 45 million being invested as additions to the buildings for own use. Depreciation of property, plant and equipment is recorded in operating expenses. Impairments in 2013 amounting to € 21 million (2012: € 12 million) have been recognized as a result of the decommissioning of assets due to the renovation of buildings for own use.

The fair value of the land and buildings for own use based on the external valuations is disclosed in chapter 9.2.

	Land and buildings for own use	Equipment	Total
Cost price as at 1 January 2013	181	154	335
Additions	49	1	50
Transferred to investment property	-	-	-
Cost price as at 31 December 2013	**230**	**155**	**385**
Accumulated depreciation as at 1 January 2013	-95	-138	-233
Depreciation	-2	-7	-9
Transferred to investment property	-	-	-
Other changes	-	2	2
Accumulated depreciation as at 31 December 2013	**-97**	**-143**	**-240**
Impairments as at 1 January 2013	-27	-	-27
Impairments	-21	-	-21
Transferred to investment property	-	-	-
Impairments as at 31 December 2013	**-48**	**-**	**-48**
TOTAL PROPERTY, PLANT AND EQUIPMENT	**85**	**12**	**97**

	Land and buildings for own use	Equipment	Total
Cost price as at 1 January 2012	170	148	318
Additions	14	6	20
Transferred to investment property	-3	-	-3
Cost price as at 31 December 2012	**181**	**154**	**335**
Accumulated depreciation as at 1 January 2012	-93	-130	-223
Depreciation	-3	-9	-12
Transferred to investment property	1	-	1
Other changes	-	1	1
Accumulated depreciation as at 31 December 2012	**-95**	**-138**	**-233**
Impairments as at 1 January 2012	-16	-	-16
Impairments	-12	-	-12
Transferred to investment property	1	-	1
Impairments as at 31 December 2012	**-27**	**-**	**-27**
TOTAL PROPERTY, PLANT AND EQUIPMENT	**59**	**16**	**75**

9 Investment property

9.1 Investment property – Cost Price less accumulated depreciation and impairments

	31 December 2013	31 December 2012
Cost price as at 1 January	2,240	2,118
Additions	101	179
Capital improvements	6	3
Disposals	-251	-63
Transferred from other assets	-	-
Transferred from property, plant and equipment	-1	3
Other changes	-	-
Cost price as at 31 December	**2,095**	**2,240**
Accumulated depreciation as at 1 January	-345	-317
Depreciation	-32	-32
Disposals	48	5
Transfer	-	-1
Other changes	-	-
Accumulated depreciation as at 31 December	**-329**	**-345**
Impairments as at 1 January	-121	-115
Impairments	-58	-19
Reversal of impairments	6	10
Reversal of impairments on disposal	24	4
Transfer	-	-1
Other changes	-	-
Impairments as at 31 December	**-149**	**-121**
TOTAL INVESTMENT PROPERTY	**1,617**	**1,774**

Investment property is leased to third parties and is primarily diversified over the rural, residential, office and retail sectors in the Netherlands.

In 2013, the second and third tranche in ASR Dutch Prime Retail Fund (DPRF) was transferred by a.s.r. to institutional investors thereby further reducing a.s.r.'s property exposure from 67% to 58%.

Impairments amounting to € 58 million (2012: € 19 million) were recognized in 2013, mainly relating to residential and commercial property.

Investment property with a cost price less accumulated depreciation and impairment of € 909 million (2012: € 570 million) is held by the ASR Dutch Prime Retail Fund and ASR Dutch Core Residential Fund which are governed under fund agreements.

Proceeds from the sale of investment properties and rentals are recognized as investment income. For details, see chapter 25. In 2013, rentals amounted to € 138 million (2012: € 140 million).

Direct operating expenses arising from the investment property amounted to € 25 million (2012: € 27 million). Given the low vacancy level, virtually all direct operating expenses relate to investment properties generating rental income. Direct operating expenses of investment property are classified as operating expenses.

The percentages of vacant properties are as follows:

	2013	2012
Retail	3.3%	2.7%
Residential	5.5%	4.6%
Offices	13.5%	9.9%
Other	0.2%	0.4%

9.2 Fair value – 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, as explained in chapter 2.8, is as follows:

	Fair value based on quoted prices in an active market	Fair value based on observable market data	Not measured on the basis of observable market data	
	Level 1	Level 2	Level 3	Total fair value
Retail	-	-	650	650
Residential	-	-	721	721
Rural	-	-	970	970
Offices	-	-	154	154
Development investment property	-	-	103	103
Other	-	-	56	56
Investment property	**-**	**-**	**2,654**	**2,654**
Land and buildings for own use	-	-	91	91
TOTAL	**-**	**-**	**2,745**	**2,745**

At year-end 2012, the fair value of investment property and land and buildings for own use amounted to € 2,881 million and € 115 million respectively.

The property portfolio is classified as a level 3 'not measured on the basis of market observable market data'. Non-observable market inputs are used in the valuation methods, in addition to the observable market inputs. The fair value measurement is based on valuations by independent professional appraisers. These valuations were performed for the entire investment property and buildings for own use portfolios. Independent professional appraisers use reference transactions of comparable objects, in combination with the DCF and income capitalization method, to determine the fair value of the property. The reference transactions of comparable objects are generally based on observable data consisting of the land register 'Kadaster' and the rural land price monitor as published by the Dutch Government 'Grondprijsmonitor' in an active property market.

The property has a relatively fixed return with low vacancy levels as indicated in chapter 9.1. The property portfolio is well diversified consisting primarily of residential, retail, offices and rural property, throughout the Netherlands. The retail portfolio focuses on high street locations with relative low vacancy levels.

10 Associates and joint ventures

	Interest	31 December 2013	31 December 2012
Deltafort Beleggingen I B.V. - joint venture	50%	141	149
Real estate development joint ventures	ranging between 11% and 50%	34	40
Other associates		15	24
TOTAL		**190**	**213**

	Deltafort Beleggingen I B.V.	Real Estate Development Joint Ventures	Other associates	Total
At January 2013	149	40	24	213
Acquisition	-	7	1	8
Disposal	-	-4	-	-4
Share of profit/(loss)	13	-	1	14
Revaluations	-3	-	-	-3
Impairments	-	-	-5	-5
Dividend	-18	-1	-6	-25
Other changes	-	-8	-	-8
CARRYING AMOUNT AT 31 DECEMBER 2013	**141**	**34**	**15**	**190**

The impairment on associates and joint ventures in 2013 concerns primarily an impairment on ArboNed Holding B.V. (previously called 365 Holding B.V.).

Some participating interests in which a.s.r. has an interest of less than 20% qualify as associates, because a.s.r. has significant influence as a result of contractual agreements.

The abbreviated balance sheet and income statement information disclosed in the tables below is based on the most recent financial information available from the associates and joint ventures. These are primarily based on the investee’s financial statements and their accounting policies.

	Deltafort Beleggingen I B.V.	Real Estate Development Joint Ventures	Other associates	31 December 2013
Current assets	-	-	39	39
Cash and cash equivalents	-	395	24	419
Non-current assets	344	13	131	488
Total Assets	**344**	**408**	**194**	**946**
Current financial liabilities	-	-	37	37
Current liabilities	-	70	61	131
Non-current financial liabilities	-	210	20	230
Non-current liabilities	-	12	62	74
Total Liabilities	**-**	**292**	**180**	**472**
Total income	21	40	156	217
Depreciation and amortization	-	-	-17	-17
Interest income	-	4	-1	3
Interest expense	-	11	-1	10
Income tax expense or income	-	-	-1	-1
Profit and loss from continuing operations	**21**	**-2**	**1**	**20**
Post-tax profit and loss from discontinued operations	-	-	-	-
Other comprehensive income	17	1	-	18
TOTAL COMPREHENSIVE INCOME	**38**	**-1**	**1**	**38**

	Deltafort Beleggingen I B.V.	Real Estate Development Joint Ventures	Other associates	31 December 2012
Current assets	-	6	35	41
Cash and cash equivalents	15	15	13	43
Non-current assets	351	358	110	819
Total Assets	**366**	**379**	**158**	**903**
Current financial liabilities	-	60	14	74
Current liabilities	-	27	67	94
Non-current financial liabilities	-	200	5	205
Non-current liabilities	-	-	56	56
Total Liabilities	**-**	**287**	**142**	**429**
Total income	4	78	141	223
Depreciation and amortization	-	-	-10	-10
Interest income	17	4	2	23
Interest expense	-	-10	-1	-11
Income tax expense or income	-	-	-	-
Profit and loss from continuing operations	**21**	**-41**	**-7**	**-27**
Post-tax profit and loss from discontinued operations	-	-	-	-
Other comprehensive income	44	2	-1	45
TOTAL COMPREHENSIVE INCOME	**65**	**-39**	**-8**	**18**

Deltafort Beleggingen I B.V., a 50% joint venture, participates in the ordinary and preference shares of Ahold N.V., and has its registered office in the Netherlands. a.s.r. retains the rights to its specific investments – contributed at the start of the arrangement - and their related income.

The real estate development joint ventures consist of numerous contractual agreement with other developers and property owners, whereby the parties agree to develop real estate projects. Various guarantees for the real estate development projects have been issued by a.s.r. (see chapter 38).

In 2013, loans to associates and joint ventures amounted to € 17 million (2012: € 42 million). These loans are classified as loans and receivables.

11 Financial assets

Financial assets can be broken down as follows:

	31 December 2013	31 December 2012
Investments		
- Available for sale (Chapter 11.1)	19,591	20,467
- At fair value through profit and loss (Chapter 11.2)	64	80
	19,655	20,547
Investments on behalf of policyholders		
- At fair value through profit and loss (Chapter 11.2)	8,049	8,217
Loans and receivables (Chapter 11.3)	8,484	7,197
Derivatives (Chapter 11.4)	1,054	2,201
Cash and cash equivalents (Chapter 14)	1,517	2,556
TOTAL FINANCIAL ASSETS	**38,759**	**40,718**

The table below gives a detailed overview of the types of financial assets held:

	Company Investments 31 December 2013	Company Investments 31 December 2012	Investments on behalf of Policyholders 31 December 2013	Investments on behalf of Policyholders 31 December 2012	Total Financial Assets 31 December 2013	Total Financial Assets 31 December 2012
Equities	2,354	2,051	7,194	7,290	9,548	9,341
Fixed-interest securities	17,178	18,322	745	733	17,923	19,055
Loans and receivables	8,484	7,197	-	87	8,484	7,284
Derivatives	1,054	2,201	-3	5	1,051	2,206
Cash and cash equivalents	1,517	2,556	84	66	1,601	2,622
Other	123	174	29	36	152	210
TOTAL	**30,710**	**32,501**	**8,049**	**8,217**	**38,759**	**40,718**

11.1 Investments available for sale

Investments available for sale can be broken down as follows:

	31 December 2013	31 December 2012
Government bonds	8,528	9,271
Corporate bonds	8,047	8,386
Mortgage-backed securities	367	404
Other asset-backed securities	236	261
Unlisted equities	125	55
Listed equities	2,165	1,916
Other investments	123	174
TOTAL INVESTMENTS AVAILABLE FOR SALE	**19,591**	**20,467**

Changes in investment available for sale	31 December 2013	31 December 2012
At 1 January	20,467	18,454
Purchases	4,779	4,474
Repayments	-715	-784
Disposal	-4,707	-3,309
Realized gains through profit and loss	373	248
Revaluation recognized in equity	-502	1,482
Impairments	32	-53
Amortization	-47	-38
Exchange rate differences	-67	-7
Other changes	-22	-
CARRYING AMOUNT AT 31 DECEMBER	**19,591**	**20,467**

Impairment of investments available for sale

The following table is a breakdown of impairments of investments available for sale:

	31 December 2013	31 December 2012
At 1 January	-778	-956
Increase in impairments through profit and loss	-21	-69
Release of impairments through profit and loss	53	16
Reversal of impairments due to disposal	87	242
Translation differences and other adjustments	-25	-11
AT 31 DECEMBER	**-684**	**-778**

The increase in translation differences and other adjustments relates mainly to exchange rate differences on investments available for sale. Impairments recognized on government bonds have been based on the existing impairment policy.

11.2 Investments at fair value through profit and loss

Investments at fair value through profit and loss can be broken down as follows:

	Company Investments 31 December 2013	Company Investments 31 December 2012	Investments on behalf of Policyholders 31 December 2013	Investments on behalf of Policyholders 31 December 2012	Total 31 December 2013	Total 31 December 2012
Government bonds	-	-	254	342	254	342
Corporate bonds	-	-	492	391	492	391
Unlisted equities	64	80	-	-	64	80
Listed equities	-	-	7,193	7,290	7,193	7,290
Other investments	-	-	110	194	110	194
TOTAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS	**64**	**80**	**8,049**	**8,217**	**8,113**	**8,297**

Changes in investment at fair value through profit and loss:

	Company Investments 31 December 2013	Company Investments 31 December 2012	Investments on behalf of Policyholders 31 December 2013	Investments on behalf of Policyholders 31 December 2012	Total 31 December 2013	Total 31 December 2012
At 1 January	80	87	8,217	8,581	8,297	8,668
Purchases	9	8	662	1,139	671	1,147
Disposal	-26	-23	-1,493	-2,423	-1,519	-2,446
Revaluation through profit and loss	1	8	704	860	705	868
Exchange rate differences	-	-	-9	-5	-9	-5
Other changes	-	-	-32	65	-32	65
CARRYING AMOUNT AT 31 DECEMBER	**64**	**80**	**8,049**	**8,217**	**8,113**	**8,297**

A further breakdown of the investments at fair value through profit and loss and investments on behalf of policyholders is included in the fair value hierarchy tables (see chapters 11.5 and 11.6 respectively).

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

Equities and bonds are lent in exchange for a fee, with collateral obtained as security. At the end of 2013, the value of the securities lent was € 7,052 million (2012: € 8,846 million) with the collateral furnished as security representing a value of € 8,840 million (2012: € 10,610 million) consisting of mortgage loans and corporate and government bonds.

11.3 Loans and receivables

Loans and receivables can be broken down as follows:

	31 December 2013	31 December 2012
Government and public sector	223	244
Mortgage loans	4,796	3,533
Consumer loans	7	8
Other loans	169	208
Total due from customers	**5,195**	**3,993**
Impairments		
- Specific credit risks	-62	-58
- IBNR	-	-2
Due from customers	**5,133**	**3,933**
Interest-bearing deposits	76	45
Loans and advances	2,509	2,411
Other	7	9
Total due from credit institutions	**2,592**	**2,465**
- Specific credit risks	-61	-29
- IBNR	-	-
Due from banks	**2,531**	**2,436**
Due from policyholders	325	217
Due from intermediaries	174	183
Reinsurance receivables	108	82
Other receivables	248	381
Total trade and other receivables	**855**	**863**
- Specific credit risks	-35	-33
- IBNR	-	-2
Trade and other receivables	**820**	**828**
TOTAL LOANS AND RECEIVABLES	**8,484**	**7,197**

The increase in the mortgage loans is primarily due to the increased sales of the 'WelThuis Hypotheek' in 2013.

Included in the due from banks is an amount of € 2,520 million (2012: € 2,330 million) related to savings-linked mortgage loans.

Impairment of loans and receivables

The following table breaks down changes in impairments of loans and receivables:

	31 December 2013	31 December 2012
At 1 January	-124	-117
Increase in impairments through profit and loss	-57	-27
Release of impairments through profit and loss	15	17
Reversal of impairments due to disposal	8	3
AT 31 DECEMBER	**-158**	**-124**

A further breakdown of the loans and receivables is included in the fair value hierarchy tables (see chapter 11.5).

11.4 Derivatives

Derivatives consist of derivatives held for trading and for a limited amount held for cash flow hedging.

Derivatives held for trading are comprised of all derivatives that do not qualify for hedge accounting. Changes in the fair value of derivatives held for trading are recorded in investment income (under 'fair value gains and losses', see chapter 25.3).

Listed derivatives are traded on the basis of standard contracts. As a result of margin obligations dictated by the different stock exchanges, they do not generally carry any significant counterparty risk. Derivatives transacted in the over-the-counter (OTC) market are agreed mutually by the contractual parties.

Notional amounts are used for measuring derivatives. They are not recognized as assets or liabilities in the balance sheet. Notional amounts do not reflect the potential gain or loss on a derivative transaction. a.s.r.'s counterparty risk is limited to the positive net fair value of the OTC contracts.

Unless stated otherwise, derivatives are traded over-the-counter.

At year-end 2013, the derivatives can be broken down as follows:

	Positive fair value	Negative fair value	Notional amount
Derivatives held for trading			
Foreign exchange contracts			
Forward	1	-	25
Swaps	5	-	34
Total	**6**	**-**	**59**
Interest-rate contracts			
Swaps	327	532	19,117
Options	712	-	12,169
Total	**1,039**	**532**	**31,286**
Equity index contracts			
Options	-	-	-
Listed options	9	-	543
Total	**9**	**-**	**543**
Total return swap			
Swaps	-	1	106
Total	**-**	**1**	**106**
TOTAL AS AT 31 DECEMBER 2013	**1,054**	**533**	**31,994**
Derivatives held for cash flow hedging			
Interest-rate contracts			
Swaps	-	2	91
Total	**-**	**2**	**91**
TOTAL AS AT 31 DECEMBER 2013	**1,054**	**535**	**32,085**

To mitigate interest-rate risk a.s.r. effectively entered into forward starting swaps by combining receiver and payer swaps. The notional amounts of both receiver and payer swaps are included in the total notional amounts.

The fair value of interest-rate contracts is calculated using OIS discounting: under this method the cash flows of the contracts are estimated using the underlying yield curve of the instrument. In practice, these are Euribor curves with 3-monthly or 6-monthly interest-rate resets. Subsequently, the cash flows are discounted using Eonia for EUR instruments and the US Federal Funds rate for USD instruments. The fair value of the interest-rate contracts using this method form the basis for the amount of collateral that is exchanged between a.s.r. and its counterparties in accordance with the underlying contracts.

Included in the cash and cash equivalents is € 677 million (2012 € 1,882 million) related to the cash collateral received on derivative instruments. This debt to repay the cash collateral is included in the amount due to banks (chapter 21).

	Positive fair value	Negative fair value	Notional amount
Derivatives held for trading			
Foreign exchange contracts			
Forward	-	-	17
Swaps	5	-	34
Total	**5**	**-**	**51**
Interest-rate contracts			
Swaps	1,234	363	21,013
Options	959	-	12,440
Total	**2,193**	**363**	**33,453**
Equity index contracts			
Options	-	-	-
Listed options	1	-	218
Total	**1**	**-**	**218**
Total return swap			
Swaps	1	-	112
Total	**1**	**-**	**112**
TOTAL AS AT 31 DECEMBER 2012	**2,200**	**363**	**33,834**
Derivatives held for cash flow hedging			
Interest-rate contracts			
Swaps	1	3	78
Total	**1**	**3**	**78**
TOTAL AS AT 31 DECEMBER 2012	**2,201**	**366**	**33,912**

The cash flows in connection with interest-rate contracts included in derivatives held for cash flow hedging end in 2016. No cash flow hedges became ineffective in 2013. No amounts were transferred from the cash flow hedging reserve to the income statement.

For details, see chapter 3 on risk management.

11.5 Fair value hierarchy – Financial assets and derivatives

The breakdown of the fair value of financial assets and derivatives in accordance with the level of fair value hierarchy, as explained in chapter 2.8, is as follows:

31 December 2013	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Not measured on the basis of observable market data Level 3	Total fair value
Investments available for sale				
Government bonds	8,528	-	-	8,528
Corporate bonds	7,552	495	-	8,047
Debt certificates covered by mortgage	367	-	-	367
Debt certificates covered by other assets	236	-	-	236
Unlisted equities	-	78	47	125
Listed equities	2,165	-	-	2,165
Other investments	46	76	1	123
	18,894	**649**	**48**	**19,591**
Investments at fair value through profit and loss				
Unlisted equities	-	-	64	64
	-	**-**	**64**	**64**
Loans and receivables				
Due from customers	-	5,577	-	5,577
Due from banks	-	3,650	-	3,650
Trade and other receivables	-	820	-	820
	-	**10,047**	**-**	**10,047**
Derivatives				
Exchange rate contracts	-	6	-	6
Interest-rate contracts	-	1,039	-	1,039
Equity index contracts	9	-	-	9
Total positive fair value	**9**	**1,045**	**-**	**1,054**
Interest-rate contracts	-	-532	-	-532
Credit derivatives	-	-1	-	-1
Derivatives held for hedging	-	-2	-	-2
Total negative fair value	**-**	**-535**	**-**	**-535**
	9	**510**	**-**	**519**
Cash and cash equivalents	**-**	**1,517**	**-**	**1,517**
TOTAL	**18,903**	**12,723**	**112**	**31,738**

Corporate bonds classified as Level 2 include unlisted fixed-income preference shares amounting to € 379 million (2012: € 416 million).

31 December 2012	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Not measured on the basis of observable market data Level 3	Total fair value
Investments available for sale				-
Government bonds	9,271	-	-	9,271
Corporate bonds	7,767	619	-	8,386
Debt certificates covered by mortgage	404	-	-	404
Debt certificates covered by other assets	261	-	-	261
Unlisted equities	-	-	55	55
Listed equities	1,916	-	-	1,916
Other investments	76	98	-	174
	19,695	**717**	**55**	**20,467**
Investments at fair value through profit and loss				
Unlisted equities	-	-	80	80
	-	**-**	**80**	**80**
Loans and receivables				
Due from customers	-	4,423	-	4,423
Due from banks	-	3,870	-	3,870
Trade and other receivables	-	828	-	828
	-	**9,121**	**-**	**9,121**
Derivatives				
Exchange rate contracts	-	5	-	5
Interest-rate contracts	-	2,193	-	2,193
Equity index contracts	1	-	-	1
Credit derivatives	-	1	-	1
Derivatives held for hedging	-	1	-	1
Total positive fair value	**1**	**2,200**	**-**	**2,201**
Exchange rate contracts	-	-363	-	-363
Credit derivatives	-	-3	-	-3
Total negative fair value	**-**	**-366**	**-**	**-366**
	1	**1,834**	**-**	**1,835**
Cash and cash equivalents	**-**	**2,556**	**-**	**2,556**
TOTAL	**19,696**	**14,228**	**135**	**34,059**

	Investments at fair value through profit and loss	Investments at fair value through profit and loss	Investments available for sale	Investments available for sale
Fair value of financial assets on the basis of level 3 valuation technique	2013	2012	2013	2012
At 1 January	80	74	55	31
Changes in value of investments, realized/unrealized gains and losses:				
- Fair value gains and losses (see chapter 25.3)	1	3	-	-
- Realized gains and losses (see chapter 25.2)	-	-	5	3
- Recognized in Other comprehensive income (unrealized gains and losses)	-	-	-7	-3
Purchases	9	6	42	25
Repayments	-	-	-	-
Sales	-26	-3	-55	-7
Reclassification of investments from/to Level 3 valuation technique	-	-	8	6
AT 31 DECEMBER	**64**	**80**	**48**	**55**
Total revaluations of investments, held at year-end, recognized in the income statement	6	3	-	-

The financial assets in this category mainly consists of private equity investments. The main non-observable market input is the net asset value as published by the investee. An increase or decrease in the net asset value of the unlisted equities will have a direct proportional impact on the fair value of the investment.

11.6 Fair value hierarchy – Investments on behalf of policyholders

The breakdown of the fair value of the Investments on behalf of policyholders in accordance with the level hierarchy, as explained in chapter 2.8, is as follows:

31 December 2013	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Not measured on the basis of observable market data Level 3	Total fair value
Investments on behalf of policyholders at fair value through profit and loss				
Government bonds	254	-	-	254
Corporate bonds	41	451	-	492
Listed equities	7,193	-	-	7,193
Other investments	-	110	-	110
TOTAL	**7,488**	**561**	**-**	**8,049**

31 December 2012	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Not measured on the basis of observable market data Level 3	Total fair value
Investments on behalf of policyholders at fair value through profit and loss				-
Government bonds	342	-	-	342
Corporate bonds	52	339	-	391
Listed equities	7,290	-	-	7,290
Other investments	87	107	-	194
TOTAL	**7,771**	**446**	**-**	**8,217**

The listed equities consist mainly of investments in funds amounting to € 6,494 million (2012: € 6,589 million) and € 699 million (2012: € 641 million) in direct equity investments.

12 Deferred taxes

	31 December 2013	31 December 2012
Deferred tax assets	228	12
Deferred tax liabilities	-	-
TOTAL DEFERRED TAXES	**228**	**12**

Deferred taxes are formed for differences between the carrying amount of assets and liabilities and their tax base at the enacted tax rate, taking into account tax-exempt components. The enacted and current tax rate of 25.0% (2012: 25.0%) is applied when calculating deferred tax.

	1 January 2013	Changes recognized in profit and loss	Changes recognized in other comprehensive income	Other	31 December 2013
Financial assets held for trading	-489	426	-	-	-63
Investments	-431	35	144	-	-252
Investment property	-262	20	-	-	-242
Property, plant and equipment	4	2	-	-	6
Intangible assets	-	-	-	-	-
Premium and claims reserve	1,114	-176	-147	-	791
Employee benefits	159	-46	-40	-	73
Provisions	1	-1	-	-	-
Amounts received in advance	-69	-13	-	11	-71
Unutilized tax losses	-	-	-	-	-
Other	-15	-	1	-	-14
Gross deferred tax	**12**	**247**	**-42**	**11**	**228**
Write-down of deferred tax assets	-	-	-	-	-
TOTAL DEFERRED TAXES	**12**	**247**	**-42**	**11**	**228**

	1 January 2012	Changes recognized in profit and loss	Changes recognized in other comprehensive income	Other	31 December 2012
Financial assets held for trading	-363	-126	-	-	-489
Investments	-237	160	-354	-	-431
Investment property	-323	61	-	-	-262
Property, plant and equipment	-3	4	-	3	4
Intangible assets	3	-	-	-3	-
Premium and claims reserve	666	211	237	-	1,114
Employee benefits	105	-20	75	-1	159
Provisions	3	-2	-	-	1
Amounts received in advance	-69	-11	-	11	-69
Unutilized tax losses	207	-207	-	-	-
Other	-10	-6	-	1	-15
Gross deferred tax	**-21**	**64**	**-42**	**11**	**12**
Write-down of deferred tax assets	-	-	-	-	-
TOTAL DEFERRED TAXES	**-21**	**64**	**-42**	**11**	**12**

The increase in the deferred taxes is primarily as a result of the disposal and decrease in the fair value of the derivatives and the related shadow accounting amounting to € 250 million.

13 Other assets

The table below shows the composition of other assets:

	31 December 2013	31 December 2012
Deferred investment and interest income	509	481
Property developments	125	206
Prepaid costs and other non-financial assets	5	31
TOTAL OTHER ASSETS	**639**	**718**

The decrease of property developments is the result of the strategy to reduce risks and the completion and sale of some projects amongst which IJDock in Amsterdam at a.s.r. vastgoedontwikkeling.

Interest expenses incurred related to property developments amounting to € 2 million were capitalized in 2013 (2012: € 4 million) and included in property developments.

14 Cash and cash equivalents

	31 December 2013	31 December 2012
Due from banks	750	757
Due from banks falling due within three months	767	1,799
TOTAL CASH AND CASH EQUIVALENTS	**1,517**	**2,556**

All cash and cash equivalents are freely available, except cash related to cash collateral which is managed segregated from other cash equivalents. Included in the cash components is € 677 million (2012: € 1.882 million) related to cash collateral received on derivative instruments and securities lending and € 168 million (2012: € 72 million) related to cash collateral given.
Debt related to cash collateral on derivatives instruments is included in the amount due to banks (chapter 21).
Interest expenses on cash collateral is standardized in the ISDA/CSA's and based on EONIA.

15 Equity

15.1 Share capital

Share capital can be broken down as follows:

	31 December 2013	31 December 2012
Authorized capital:		
- Ordinary shares; 1,000,000 at a par value of EUR 500	500	500
Of which: unsubscribed shares	-400	-400
SUBSCRIBED AND PAID-UP CAPITAL:		
- ORDINARY SHARES; 200,000 AT A PAR VALUE OF EUR 500	**100**	**100**

The Dutch State has been the sole shareholder of ASR Nederland N.V. since 3 October 2008. On 29 September 2011, the Dutch State transferred all shares in ASR Nederland N.V. to NL Financial Investments (NLFI) in exchange for depositary receipts for the shares. There were no changes in share capital during the financial year.

15.2 Unrealized gains and losses recorded in equity

	Investments available for sale	Revaluation of associates	Cash flow hedge reserve	DPF component	Total
31 December 2013					
Gross unrealized gains and losses	1,400	6	-1	2	1,407
Related tax	-288	-	-	-	-288
Shadow accounting	-657	-	-	-	-657
Tax related to shadow accounting	164				164
Unrealized gains and losses related to segregated investment pools	-58	-	-	-	-58
Tax related segregated investment pools	15	-	-	-	15
TOTAL	**576**	**6**	**-1**	**2**	**583**
31 December 2012					
Gross unrealized gains and losses	1,900	10	-4	3	1,909
Related tax	-431	-	1	-	-430
Shadow accounting	-1,277	-	-	-	-1,277
Tax related to shadow accounting	319	-	-	-	319
Unrealized gains and losses related to segregated investment pools	-24	-	-	-	-24
Tax related to segregated investment pools	6	-	-	-	6
TOTAL	**493**	**10**	**-3**	**3**	**503**

Life insurance contracts have been entered into that, in addition to offering a guaranteed element, also give policyholders a right to additional benefits (see chapter 2.25). Expected claims for additional benefits under these insurance contracts with discretionary participation features (DPF) are included in the DPF reserve. This reserve is recognized as a component of the unrealized gains and losses recorded in equity. Expected claims for additional benefits under insurance contracts with DPF are included in the DPF component.

15.3 Actuarial gains and losses

The actuarial gains and losses related to the post-employment pension plans amount to -€ 107 million (2012: -€ 224 million). See chapter 17.1 for a summary of the movements in the defined benefit obligation through equity amounting to € 152 million (2012: € 299 million).

15.4 Other equity instruments

The issued hybrid Tier 1 instruments are classified as equity instruments. These issues were part of a financial restructuring in June 2009.

Position as at 31 December	2013	2012	Coupon date
Hybrid Tier 1 instrument variable interest (3-month Euribor + 2.3%)	84	84	Per quarter with effect from 26 October 2009
Hybrid Tier 1 instrument 6.25% fixed interest	12	12	Per quarter with effect from 30 September 2009
Hybrid Tier 1 instrument 10% fixed interest	382	382	Annually with effect from 26 October 2010
Hybrid Tier 1 instrument 7.25% fixed interest	37	37	Annually with effect from 30 September 2010
TOTAL	**515**	**515**	

The Tier 1 instruments bear discretionary interest and have no maturity date, but can be redeemed at the option of a.s.r. on any coupon due date with effect from:

	Date
Hybrid Tier 1 instrument variable interest (3-month Euribor + 2.3%)	26 October 2009
Hybrid Tier 1 instrument 6.25% fixed interest	30 September 2009
Hybrid Tier 1 instrument 10% fixed interest	26 October 2019
Hybrid Tier 1 instrument 7.25% fixed interest	30 September 2019

If the hybrid Tier 1 instrument at 10% fixed interest is not redeemed on 26 October 2019, the interest-rate will be changed to 3-month Euribor plus 9.705%, with a quarterly coupon date with effect from 26 January 2020.

The following amounts were distributed to holders of equity instruments (x € 1,000):

	31 December 2013	31 December 2012
Hybrid Tier 1 instrument variable interest (3-month Euribor + 2.3%)	2,174	2,830
Hybrid Tier 1 instrument 6.25% fixed interest	771	967
Hybrid Tier 1 instrument 10% fixed interest	38,631	38,631
Hybrid Tier 1 instrument 7.25% fixed interest	2,731	2,731
TOTAL	**44,307**	**45,159**

The tier 1 instruments are classified as equity as there is no requirement to settle the obligation in cash or another financial asset or to exchange financial assets or financial liabilities under conditions that are potentially unfavourable for a.s.r.
Discretionary interest payments are adjusted against equity upon payment.

15.5 Non-controlling interests

Movements in non-controlling interests can be broken down as follows:

	31 December 2013	31 December 2012
At 1 January	-13	-4
Share of total comprehensive income	-5	-7
Payments	-	-
Acquisition of non-controlling interests	-	-2
AS 31 DECEMBER	**-18**	**-13**

The negative non-controlling interest relates to property development projects where non-controlling shareholders have committed to increase capital when required.

16 Insurance liabilities

16.1 Liabilities arising from insurance contracts

Insurance contracts with retained exposure can be broken down as follows:

	Gross		Of which reinsurance	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Provision for unearned premiums	414	416	5	38
Provision for claims	3,826	3,710	402	407
Non-life insurance contracts	**4,240**	**4,126**	**407**	**445**
Life insurance contracts	**19,688**	**21,314**	**3**	**-**
TOTAL LIABILITIES ARISING FROM INSURANCE CONTRACTS	**23,928**	**25,440**	**410**	**445**

Changes in liabilities arising from non-life insurance contracts can be broken down as follows:

	Gross		Of which reinsurance	
	2013	2012	2013	2012
Provision for unearned premiums				
At 1 January	416	507	38	42
Changes in provision for unearned premiums	-1	-92	-34	-3
Other changes	-1	1	1	-1
Provision for unearned premiums as at 31 December	**414**	**416**	**5**	**38**
Provision for claims				
At 1 January	3,710	3,249	407	419
Benefits paid	-1,705	-1,580	-101	-113
Changes in provision for claims	1,923	1,967	96	101
Changes in shadow accounting through equity	-102	75	-	-
Other	-	-1	-	-
Provision for claims as at 31 December	**3,826**	**3,710**	**402**	**407**
NON-LIFE INSURANCE CONTRACTS AS AT 31 DECEMBER	**4,240**	**4,126**	**407**	**445**

The provisions for claims comprises:

	Gross	
	31 December 2013	31 December 2012
Claims reported	3,299	3,240
IBNR	527	470
TOTAL PROVISION FOR CLAIMS	**3,826**	**3,710**

Changes in liabilities arising from life insurance contracts can be broken down as follows:

	31 December 2013	31 December 2012
At 1 January	21,416	20,105
Acquisition of insurance portfolios	33	-
Premiums received	898	982
Interest added	1,169	1,369
Benefits	-1,498	-1,659
Technical result	-84	-71
Release of cost recovery	-158	-173
Changes in shadow accounting through equity	-518	839
Changes in shadow accounting through income	-1,323	153
Other changes	-169	-129
At 31 December	**19,766**	**21,416**
Interest margin participations to be written down		
At 1 January	-112	-142
Write-down recognized in profit and loss	24	30
Other changes	1	-
At 31 December	**-87**	**-112**
Provision for profit-sharing, bonuses and discounts		
At 1 January	10	12
Profit-sharing, bonuses and discounts granted in the financial year	-1	-2
At 31 December	**9**	**10**
TOTAL LIFE INSURANCE CONTRACTS AT YEAR-END	**19,688**	**21,314**

a.s.r. acquired 70,000 funeral policies, with a technical provision of € 33 million, from the Facultatieve insurance portfolio on 1 May 2013.

At year-end 2013, the liabilities included guarantee provisions directly attributable to policyholders for a carrying amount of €139 million (2012: € 145 million).

The 2013 interest added amounting to € 1,169 million consists of regular interest additions to the insurance liabilities of € 636 million, realized gains and losses € 619 million (see chapter 25.2 and 25.3) and the amortization of realized gains € -86 million.

16.2 Claims development table, non-life

The table below is a ten-year summary of movements in cumulative benefits in connection with the non-life portfolio for the period from 2004 to 2013.

										Claims year	
Gross claims (cumulative) as at 31 December 2013	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
At year-end:											
1st claims year	1,405	1,258	1,201	1,389	1,571	1,731	1,712	1,771	1,969	1,841	
2005	1,221	-	-	-	-	-	-	-	-	-	
2006	1,113	1,141	-	-	-	-	-	-	-	-	
2007	1,093	1,041	1,167	-	-	-	-	-	-	-	
2008	1,092	1,002	1,076	1,294	-	-	-	-	-	-	
2009	1,083	1,013	1,067	1,262	1,480	-	-	-	-	-	
2010	1,101	1,022	1,079	1,213	1,456	1,677	-	-	-	-	
2011	1,096	1,042	1,087	1,218	1,436	1,636	1,764	-	-	-	
2012	1,100	1,041	1,085	1,229	1,438	1,660	1,681	1,667	-	-	
2013	1,091	1,054	1,096	1,243	1,461	1,682	1,712	1,646	1,874	-	
Gross claims at 31 December 2012	**1,091**	**1,054**	**1,096**	**1,243**	**1,461**	**1,682**	**1,712**	**1,646**	**1,874**	**1,841**	
Cumulative gross paid claims	1,051	975	1,000	1,118	1,268	1,397	1,361	1,266	1,363	749	
Gross outstanding claims liabilities (including IBNR)	**40**	**79**	**96**	**125**	**193**	**285**	**351**	**380**	**511**	**1,092**	**3,152**
Claim liabilities prior years											508
Other claim liabilities											75
Shadow accounting											91
TOTAL CLAIM LIABILITIES											**3,826**

										Claims year	
Gross claims (cumulative) as at 31 December 2012	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
At year-end:											
1st claims year	1,305	1,405	1,258	1,201	1,389	1,571	1,731	1,712	1,771	1,969	
2004	1,180	-	-	-	-	-	-	-	-	-	
2005	1,092	1,221	-	-	-	-	-	-	-	-	
2006	1,068	1,113	1,141	-	-	-	-	-	-	-	
2007	1,082	1,093	1,041	1,167	-	-	-	-	-	-	
2008	1,083	1,092	1,002	1,076	1,294	-	-	-	-	-	
2009	1,079	1,083	1,013	1,067	1,262	1,480	-	-	-	-	
2010	1,069	1,101	1,022	1,079	1,213	1,456	1,677	-	-	-	
2011	1,074	1,096	1,042	1,087	1,218	1,436	1,636	1,764	-	-	
2012	1,187	1,100	1,041	1,085	1,229	1,438	1,660	1,681	1,667	-	
Gross claims at 31 December 2011	**1,187**	**1,100**	**1,041**	**1,085**	**1,229**	**1,438**	**1,660**	**1,681**	**1,667**	**1,969**	
Cumulative gross paid claims	1,026	1,040	957	980	1,088	1,228	1,347	1,301	1,181	808	
Gross outstanding claims liabilities (including IBNR)	**161**	**61**	**84**	**105**	**141**	**210**	**313**	**380**	**486**	**1,161**	**3,101**
Claim liabilities prior years											345
Other claim liabilities											71
Shadow accounting											193
TOTAL CLAIM LIABILITIES											**3,710**

16.3 Liabilities arising from insurance contracts on behalf of policyholders

Movements in liabilities arising from insurance contracts on behalf of policyholders can be broken down as follows:

	2013	2012
At 1 January	8,926	9,202
Premiums received	676	813
Interest added	106	109
Benefits	-1,338	-1,911
Effect of fair value changes related to financial assets	672	826
Technical result	-31	-41
Release of cost recovery	-130	-163
Changes related to segregated investment pools through equity	34	-
Other changes	77	91
AT 31 DECEMBER	**8,992**	**8,926**

At year-end 2013, the liabilities included a guarantee provision for a carrying amount of € 47 million (2012: € 55 million) and a provision related to unit-linked insurance contracts and pension contracts for a carrying amount of € 218 million (2012: € 266 million). These provisions relate to compensation for the cost of these contracts.

17 Employee benefits

Employee benefits can be broken down as follows:

	31 December 2013	31 December 2012
Post-employment benefits pensions (Chapter 17.1)	2,405	2,517
Post-employment benefits other than pensions (Chapter 17.1)	15	21
Post-employment benefit obligation	**2,420**	**2,538**
Other long-term employee benefits (Chapter 17.2)	6	10
TOTAL	**2,426**	**2,548**

ASR Levensverzekering N.V., an insurance company and a group entity, is the insurer of the post-employment benefit plan. As this company holds the separated investments that are meant to cover the employee benefit obligation, they do not qualify as plan assets in accordance with IAS 19 and are therefore included in financial assets.

The costs of post-employment and other long-term employee benefits are as follows:

	2013	2012
Post-employment benefits pensions	-108	-35
Post-employment benefits other than pensions	-1	-2
Total	**-109**	**-37**
Other long-term employee benefits	3	-3
COSTS OF POST-EMPLOYMENT BENEFITS	**-106**	**-40**

The costs relate to all members of the a.s.r. post-employment benefit plan and included the other income as a result of the amendments to the post-employment benefit plans amounting to € 27 million (2012: € 107 million).

17.1 Pension and other post-employment benefits

A number of defined benefit post-employment benefit plans for its employees exist. All employees are formally employed by ASR Nederland N.V. The a.s.r. post-employment benefit plans are based on an average-salary pension. All employees who commenced service after 1 January 2006 are included in one post-employment benefit plan. All other employees remain active within the existing plan at the date of first employment ('Basic plan'). Furthermore older plans for 'sleepers and pensioners' are still active. The methods and techniques used to calculate the defined benefit obligations are based on IAS 19 requirements and calculated by an independent actuary.

The accrued rights of active members in all plans are subject to a conditional indexation, maximised at the level of the CAO wage index. The pensions of current pensioners and the accrued rights of sleepers are also indexed using various indexation provisions. The indexation for the basic plan is linked to the profit sharing of the assets with a maximum of the greater of consumer price index and 3%. The indexation of the other plans are also based on the profit sharing of the assets, however generally have with a maximum indexation ranging between 3% and 4%. The older plans with a limited number of active members have no maximum indexation.

As of 1 January 2014, the accrual rate for old age pensions has been changed to 1.9% (2012: 2.25% or 2.0%). As a result of this amendment a past service cost is accounted for in 2013 amounting to € 27 million which has been recognized in the Other income in 2013 (see chapter 27).

As of 1 January 2013, the indexation for active members is conditional and depends on the realized surplus interest of the managed assets. As a result of this amendment a past service cost is accounted for in 2012 amounting to € 107 million which has been recognized in the restated Other income in 2012 (see chapter 27).

The pension contributions are paid by a.s.r. and employees pay an own contribution of 6% of their pensionable salary.

The benefits under these plans are dependent on factors such as years of service and compensation. Pension obligations are determined using mortality tables, the rate of employee turnover, wage drift and economic assumptions such as inflation, and the discount rate.
The post-employment benefit plans for a.s.r.'s employees has been insured by ASR Levensverzekering N.V. since 2008.
Besides pension benefits, the costs of the defined benefits plans include personnel arrangements for financial products (such as mortgages), which remain in place after retirement.

The table below shows movements in the defined benefit obligation:

	Pension plans		Other post-employment benefits	
	2013	2012	2013	2012
Defined benefit obligation at 1 January (2012 previously reported)	2,517	2,343	21	21
Change in accounting policy	-	-86	-	
Restated opening balance	**2,517**	**2,257**	**21**	**21**
Included in income statement				
Current service cost, contributions by employer	39	38	1	1
Interest cost	96	104	-	1
Past service cost	-27	-107	-	-
Other	-	-	-	-
Total	**108**	**35**	**1**	**2**
Remeasurement of liabilities included in OCI				
Discount rate change	-41	301	-1	-
Other assumptions change	-97	7	-3	-
Experience adjustments	-14	-9	-	-
Total	**-152**	**299**	**-4**	**-**
Current service cost, contributions by employee	9	10	-	-
Benefits	-77	-84	-3	-2
Other	-	-	-	-
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**2,405**	**2,517**	**15**	**21**

Active members account for 23% of the DBO and 41% of the DBO relates to members currently receiving pension benefits.

The other assumptions change amounts to € 107 million due to change in indexation percentage sleepers.

Experience adjustments are actuarial gains and losses that have arisen due to differences between actuarial assumptions. The following table provides information about experience adjustments with respect to qualifying plan assets and the defined benefit obligation:

	Pension plans		Other post-employment benefits	
	2013	2012	2013	2012
Experience adjustments to qualifying investments, gain (loss)	-	-	-	-
As % of qualifying investments as at 31 December	-	-	-	-
Experienced adjustments to defined benefit obligation, loss (gain)	14	60	3	2
As a % of liabilities as at 31 December	0.6%	2.3%	21.5%	7.3%

The principal actuarial assumptions at year end were as follows:

	Pension plans		Other post-employment benefits	
	2013	2012	2013	2012
Discount rate	3.9%	3.8%	2.1%	1.8%
Expected return on plan assets	-	-	-	-
Future salary increases (including price inflation and merit)	1.5%	2.0%	1.5%	2.0%
Future pension increases (including price inflation)	1.8%	2.0%	-	-
Indexation % active employees	0.6%	0.5%	0.6%	0.5%
Indexation % sleepers	1.7%	2.0%	1.7%	2.0%
Accrual rate	1.9%	2.25% or 2.0%	-	-
Mortality (years)	22.0	21.8	-	-
Future mortgage interest (in connection with grantable discounts)	-	-	3.5%	4.2%

In the calculation of the defined benefit obligation the:
- discount rate is determined based on the return (zero coupon rate) of high-quality corporate bonds (AA rating) and the duration of the pension obligation;
- most recent mortality table is used ‘AG Prognosetafel 2012-2062’.

The methods used for determining the DBO and assumptions are consistent with those applied in 2012.

The sensitivity of the above actuarial assumption to reasonable possible changes at the reporting date to one of the relevant actuarial assumptions whilst other assumption remain constant, would have affected the defined benefit obligation by the amount shown as follows:

	Pension plans		Other post-employment benefits	
	2013	2012	2013	2012
Discount rate (1% movement)	-360	470	-1	1
Indexation active employees (1% movement)	40	-24	-	-
Indexation sleepers (1% movement	402	-313	-	-
Future salary growth (1% movement)	11	-10	-	-
Future pension growth (1% movement)	448	-334	-	-
Future mortality (1 year movement)	-68	67	-	-

The portfolio of global investments (non-qualifying assets) held by ASR Levensverzekering N.V. to cover the employee benefit expense can be broken down as follows:

Asset category	31 December 2013	31 December 2012
Equities	15%	13%
Fixed-interest securities	79%	82%
Real estate	5%	5%
Cash	1%	-

The non-qualifying assets managed by group companies are not taken into account for the net defined benefit obligation. At year-end 2013, the fair value of these assets amounted to € 1,915 million (2012: € 1,851 million).

For the investments backing the post-employment benefit plans, a.s.r. has drawn up general guidelines for asset allocation based on criteria such as geographical location and ratings. To ensure the investment strategy remains in line with the structure of pension obligation, a.s.r. regularly performs Asset Liability Management (ALM) studies. Assets are allocated based on these guidelines and on the outcomes of these studies. As the post-employment benefit plans are insured by a group company the asset liability management and risk management is managed in accordance with the insurance portfolio risks management and the specific a.s.r. post-employment benefit plan risks (see chapter 3.6 and 3.6.3 respectively).

Under IFRS, assets managed by insurance companies that form part of the group do not qualify as qualifying assets. Therefore, investment income from these assets has not been included in the above figures. Actual investment returns for 2013 amounted to € 100 million (2012: € 52 million). These returns have been recognized in investment income (chapter 25).

As an employer, a.s.r. is expected to pay contributions for pension plans and other post-employment in the coming financial year amounting to € 126 million (excluding the positive effect of the investment income) and € 0.6 million respectively.

As 31 December 2013 the duration of the defined benefit obligation was 17 years (2012: 18 years).

17.2 Other long-term employee benefits

Other long-term employee benefits consist of the employer's share of liabilities arising from long-service benefits. The table below shows the changes in these liabilities:

	31 December 2013	31 December 2012
Net liability as at 1 January	10	8
Total expenses	-3	3
Other	-1	-1
NET LIABILITY AS AT 31 DECEMBER	**6**	**10**

The underlying assumptions are as follows:

Actuarial year-end assumptions	31 December 2013	31 December 2012
Discount rate	2.4%	1.9%
Salary increases	1.5%	2.0%
Expected remaining service years	8.7	11.1

18 Provisions

The table below shows movements in provisions:

	31 December 2013	31 December 2012
At 1 January	31	30
Additional foreseen amounts	45	35
Reversal of unused amounts	-	-2
Usages in course of year	-38	-32
Other changes	-	-
AT 31 DECEMBER	**38**	**31**

The provisions were created for:
- tax and legal issues;
- staff restructuring expenses;
- retention of disability risk instead of insuring it with UWV (Employed Persons Insurance Administration Agency).

The provision for legal issues is based on best estimates available at year end, making allowance for expert legal opinions.

The timing of the outflow of resources related to these provisions is uncertain because of the unpredictability of the outcome and the time required for the settlement of disputes.

The provisions for staff restructuring are based on arrangements agreed in the Collective Bargaining Agreement, restructuring plans, and on decisions made by a.s.r.'s management.

Of the provisions, an amount of € 15 million falls due within one year (2012: € 23 million).

19 Borrowings

As at year-end 2013, borrowings comprised loans having the following terms to maturity:

	31 December 2013	31 December 2012
Falling due within 1 year	50	83
Falling due between 1 and 5 years	21	26
Falling due after 5 years	17	17
TOTAL BORROWINGS	**88**	**126**

As at year-end 2013, the fair value of borrowings was € 88 million (2012: € 126 million). See chapter 23. The average interest-rate payable on other borrowings was 4.20% (2012: 3.67%).

These borrowings are used for investment purposes (property, group pension contracts), for balance sheet management, and for short-term cash flow management.

20 Due to customers

Amounts owed to customers can be broken down as follows:

	31 December 2013	31 December 2012
Debts to policyholders, agents and intermediaries	458	591
Debts to reinsurers	19	19
Savings	540	513
Other liabilities	349	292
TOTAL DUE TO CUSTOMERS	**1,366**	**1,415**

All carrying amounts reflect the fair value as at the balance sheet date (see chapter 23).

21 Due to banks

Amounts owed to banks comprises primarily cash collateral received under ISDAs concluded with counterparties, which is included in the cash and cash equivalents. There is no significant difference between the carrying amount of € 677 million (2012: € 1,882 million) due to banks and the fair value of these liabilities (see chapter 23).

The average interest-rate payable for the cash collateral received in 2013 is 0.09% (Eonia) (2012: 0.23%). There are no specific terms and conditions, because they are dependent on the development of the value of the underlying instrument.

22 Other liabilities

Other liabilities can be broken down as follows:

	31 December 2013	31 December 2012
Deferred income	318	246
Accrued interest	114	113
Other liabilities	315	294
Short-term employee benefits	63	71
Trade payables	202	211
Tax payable	354	163
TOTAL OTHER LIABILITIES	**1,366**	**1,098**

There is no significant difference between the carrying amount of other liabilities and their fair value (see chapter 23).

23 Fair value hierarchy – liabilities

The breakdown of the liabilities in accordance with the level of fair value hierarchy, as explained in chapter 2.8, is as follows:

	Fair value based on quoted prices in an active market	Fair value based on observable market data	Not measured on the basis of observable market data	
31 December 2013	Level 1	Level 2	Level 3	Total fair value
Borrowing (chapter 19)	-	88	-	88
Due to customers (chapter 20)	889	477	-	1,366
Due to banks (chapter 21)	677	-	-	677
Other liabilities (chapter 22)	19	1,347	-	1,366
TOTAL	**1,585**	**1,912**	**-**	**3,497**

Notes to the consolidated income statement

24 Gross insurance premiums

The table below shows the composition of gross insurance premiums:

	2013	2012
Non-life insurance contracts – gross earned premiums	2,393	2,579
Life insurance contracts retained exposure	898	1,000
Life insurance contracts on behalf of policyholders	633	803
Total life insurance contracts	**1,531**	**1,803**
TOTAL GROSS INSURANCE PREMIUMS	**3,924**	**4,382**

The table below provides an overview of total gross earned non-life insurance premiums. For further details on the individual business lines, see the segment information in chapter 5.5.

Premiums non-life	2013	2012
Gross premiums written	2,392	2,487
Changes in provisions for unearned premiums	1	92
NON-LIFE INSURANCE CONTRACTS – GROSS EARNED PREMIUMS	**2,393**	**2,579**

Non-recurring and regular insurance premiums can be broken down as follows:

Premiums life	2013	2012
Retained exposure Group		
Non-recurring premiums written	73	66
Periodic premiums written	250	281
Group total	**323**	**347**
Individual		
Non-recurring premiums written	104	184
Periodic premiums written	471	469
Individual total	**575**	**653**
TOTAL CONTRACTS RETAINED EXPOSURE	**898**	**1,000**
On behalf of policyholders Group		
Non-recurring premiums written	21	47
Periodic premiums written	233	249
Group total	**254**	**296**
Individual		
Non-recurring premiums written	4	3
Periodic premiums written	375	504
Individual total	**379**	**507**
Total contracts on behalf of policyholders	**633**	**803**
TOTAL LIFE INSURANCE CONTRACTS	**1,531**	**1,803**

Total life insurance contract premiums including the elimination of € 91 million in premiums related to the a.s.r. post-employment benefit plans (2012: € 88 million) and the elimination of investment fees amounting to € 44 million.

25 Investment income

25.1 Total investment income

The table below shows a breakdown of investment income per category:

	2013	2012
Interest income	1,244	1,317
Dividend and other investment income	240	201
TOTAL INVESTMENT INCOME	**1,484**	**1,518**

The table below breaks down interest income per category:

	2013	2012
Interest income from receivables due from credit institutions	132	127
Interest income from investments	575	625
Interest income from amounts due from customers	223	179
Interest income from trade receivables and derivatives	309	327
Other interest income	5	59
TOTAL INTEREST INCOME	**1,244**	**1,317**

The effective interest-rate method has been applied to an amount of € 920 million of the interest income from financial assets not classified as stated at fair value through profit and loss (2012: € 921 million).

Interest income includes € 31 million (2012: € 27 million) in interest received on impaired fixed-income securities. Other interest income for 2012 includes an amount of € 30 million related to the agreement reached with the Dutch Tax Administration (see chapter 34).

Dividend and other investment income per category can be broken down as follows:

	2013	2012
Dividend on equities	43	35
Rentals from investment property	138	140
Other investment income	59	26
TOTAL DIVIDEND AND OTHER INVESTMENT INCOME	**240**	**201**

25.2 Realized gains and losses

The table below shows a breakdown of realized gains and losses per category:

	2013	2012
Investment property		
- Realized gains	114	39
- Realized losses	-1	-2
Investments available for sale		
Fixed-interest securities		
- Realized gains	306	249
- Realized losses	-14	-32
Equities		
- Realized gains	110	46
- Realized losses	-29	-15
Other investments		
- Realized losses	-	-
TOTAL REALIZED GAINS AND LOSSES	**486**	**285**

25.3 Fair value gains and losses

Fair value gains and losses per category can be broken down as follows:

	2013	2012
Derivatives	-955	672
Financial assets at fair value through profit and loss	-21	50
Other fair value gains and losses	1	-
Additions to Insurance liabilities due to shadow accounting (chapter 16.1)	1,323	-153
TOTAL FAIR VALUE GAINS AND LOSSES	**348**	**569**

All changes in fair value presented here are changes to the so-called ‘clean fair value’. This is the fair value net of accrued interest recognized in interest income and expense.

The 2013 derivatives of -€ 955 million can be broken down in -€ 1,335 million unrealized gains and losses on derivatives and an amount of € 380 million for realized gains and losses on derivatives.

26 Fee and commission income

Fee and commission income consists of the following components:

	2013	2012
Asset management for third parties	1	5
Commission on reinsurance	35	50
Other fee and commission income	9	14
TOTAL FEE AND COMMISSION INCOME	**45**	**69**

27 Other income

Other income can be broken down as follows:

	2013	2012
Proceeds from property developments	139	92
Other income	66	172
TOTAL OTHER INCOME	**205**	**264**

In 2013, other income includes income related to the amendment to the a.s.r. post–employment benefit plans amounting to € 27 million (2012: € 107 million) (see chapter 17).

28 Net insurance claims and benefits

Net insurance claims and benefits can be summarized as follows:

Total Non-Life and Life	2013	2012
Insurance claims and benefits	-5,122	-5,707
Insurance claims and benefits recovered from reinsurers	110	100
NET INSURANCE CLAIMS AND BENEFITS	**-5,012**	**-5,607**

Non-Life	2013	2012
Claims paid	-1,705	-1,580
Change in provision for outstanding claims	-217	-386
Amortization of VOBA (Chapter 6)	-1	-1
Insurance claims and benefits	**-1,923**	**-1,967**
Insurance claims and benefits recovered from reinsurers	96	101
NET INSURANCE CLAIMS AND BENEFITS, NON-LIFE	**-1,827**	**-1,866**

Life	2013	2012
Claims paid	-2,848	-3,579
Changes in liabilities arising from insurance contracts	-246	-384
Changes in liabilities arising from insurance contracts on behalf of policyholders	-86	240
Amortization of VOBA (Chapter 6)	-19	-17
Insurance claims and benefits	**-3,199**	**-3,740**
Insurance claims and benefits recovered from reinsurers	14	-1
NET INSURANCE CLAIMS AND BENEFITS, LIFE	**-3,185**	**-3,741**

29 Operating expenses

Operating expenses can be broken down as follows:

	2013	2012
Salaries and wages	-239	-250
Social security contributions	-30	-32
Employee benefit charges	-37	-40
Employee discounts	-8	-9
Other short-term employee benefits	6	-3
Total cost of own staff	**-308**	**-334**
Cost of external staff	-59	-76
Consultancy costs and fees	-75	-66
Marketing, advertising and public relations expenses	-21	-24
Technology and system costs	-40	-46
Amortization of software (Chapter 6)	-1	-1
Depreciation of property, plant and equipment (Chapter 8)	-9	-12
Other operating expenses	-34	-28
Total other operating expenses	**-239**	**-253**
TOTAL OPERATING EXPENSES	**-547**	**-587**

Other operating expenses include travel and subsistence, telephone and personnel training expenses.

The distribution of a.s.r.'s workforce at 31 December is as follows:

Segment	2013	2012
Non-life	1,151	1,125
Life	644	667
Other	2,369	2,787
TOTAL EMPLOYEES	**4,164**	**4,579**

As a result of continuing cost-cutting programmes, the total work force decreased by 9% to 4,164 (2012: 4,579). The 'total work force' consists of the number of internal and external FTEs. The number of internal FTEs decreased by 7% to 3,789 (2012: 4,088 FTE) and the number of external FTEs decreased by 24% to 375 (2012: 491 FTE).

Operating expenses are allocated to the Non-Life and Life segments. However, in the presentation of the a.s.r.'s workforce per segment, employees, administrative expenses and overheads have not been allocated to segments.

30 Acquisition costs

Acquisition costs can be broken down as follows:

	2013	2012
Commission fees	-424	-494
Recognized in deferred acquisition costs	-	1
Amortization of deferred acquisition costs (chapter 7)	-31	-91
TOTAL ACQUISITION COSTS	**-455**	**-584**

31 Impairment of assets

The table below is a summary of impairments:

	2013	2012
Intangible assets	-3	-3
Property, plant and equipment (chapter 8)	-21	-11
Investment property (chapter 9)	-52	-9
Associates and joint ventures (chapter 10)	-5	-17
Investments available for sale (chapter 11)	32	-53
Loans and receivables (chapter 11)	-42	-10
TOTAL IMPAIRMENTS	**-91**	**-103**

Due to the credit and financial crises, impairments have been applied to equities, corporate bonds, associates and joint ventures, mortgage loans and investment property. Further impairments in 2013 relate to goodwill and VOBA.

Changes in impairments of investments available for sale can be broken down as follows:

	2013	2012
Equities	-14	-20
Bonds	-7	-49
Collateralized debt obligations	18	5
Reversal of impairments on bonds as a result of disposal	35	11
TOTAL IMPAIRMENTS IN INVESTMENTS	**32**	**-53**

32 Interest expense

The table below is a breakdown of the interest expense:

	2013	2012
Interest on employee benefits	-96	-105
Interest on derivatives	-214	-231
Interest owed to banks	-11	-18
Interest owed to customers	-11	-8
Interest on borrowings	-4	-7
Other interest expenses	-21	-34
TOTAL INTEREST EXPENSES	**-357**	**-403**

33 Other expenses

	2013	2012
Costs associated with sale of development property	-195	-159
Operation and depreciation of investment property	-57	-60
Other expenses	-27	-46
TOTAL OTHER EXPENSES	**-279**	**-265**

Included in the costs associated with sale of development property is an amount of € 63 million (2012: € 64 million) related to provisions recognized for possible future loss related to land and property development projects held as other assets.

In 2013, the other expenses include an amount of € 714 thousand (2012: € 756 thousand) related to the 'Crisisheffing' high income crisis levy of which € 166 thousand (2012: € 132 thousand) relates to the executive directors.

34 Income tax expense

The income tax expense can be broken down as follows:

	2013	2012
Current tax for financial year	-252	-132
Current taxes referring to previous periods	-79	92
Total current tax	**-331**	**-40**
Deferred tax for financial year	247	64
Total deferred tax	**247**	**64**
INCOME TAX EXPENSE	**-84**	**24**

The table below shows a reconciliation of the expected income tax expense with the actual income tax expense. The expected income tax expense was determined by linking up profit before tax to the tax rate in the Netherlands. In 2013, this rate was 25.0% (2012: 25.0%). The enacted tax rate for 2014 will be 25.0%.

	2013	2012
Profit before tax	360	285
Current tax rates	25%	25%
Expected income tax expense	**-90**	**-71**
Effects of:		
Tax-exempt interest	5	6
Tax-exempt dividends	8	7
Tax-exempt capital gains	5	5
Changes in impairments	-16	-11
Adjustments for taxes due on previous financial years	4	87
Other effects	-	1
INCOME TAX EXPENSE	**-84**	**24**

In July 2012, a.s.r. concluded an agreement with the Dutch Tax Administration relating to corporate tax returns. This agreement clarifies the principles upon which the corporation tax returns commencing from 2001 to 2010 for a.s.r. and its tax entities are to be established. The group recognized tax income and related interest income amounting to € 90 million and € 30 million (see chapter 25.1) respectively in 2012 for the period 2001 to 2010.

Other notes

35 Related party transactions

A related party is a person or entity that has significant influence over another entity, or has the ability to affect the financial and operating policies of the other party. Parties related to a.s.r. include the Dutch government, NLFI, associates, joint ventures, members of the Executive Board, members of the Supervisory Board and their immediate family members. These parties further include entities over which these persons or entities exercise control or substantial influence, and other affiliated entities.

The group regularly enters into transactions with related parties during the conduct of its business. These transactions mainly involve loans, deposits, commissions and reinsurance contracts, and are conducted on terms equivalent to those that prevail in arm's length transactions.

The remuneration and combined share ownership of the members of the Executive Board are described in chapter 36 (Remuneration of the a.s.r. Executive Board and Supervisory Board).

In the normal conduct of business, a.s.r. entities may issue insurance contracts, business credits, loans or bank guarantees to members of the Executive Board and the Supervisory Board or to these persons' immediate family members.

The table below shows the financial scope of a.s.r.'s related party transactions:
- associates;
- joint ventures;
- other related parties.

	Associates		Joint ventures		Other related parties		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Balance sheet items with related parties as at 31 December								
Associates	49	64	141	149	-	-	190	213
Loans and receivables	14	32	3	10	2	2	19	44
Other assets	13	10	2	-	-	-	15	10
Other liabilities	2	13	-	4	-	-	2	17
Transactions in the income statement for the financial year								
Interest income	1	2	-	1	-	-	1	3
Interest expense	-	-	-	-	-	-	-	-

Provisions for impairment amounting to € 5 million (2012: € 4 million) have been recognized on the loans and receivables.

In addition to the dividend paid and the discretionary interest to holders of equity instruments amounting to € 88 million (2012: € 71 million) and € 44 million (2012: € 45 million) respectively a.s.r. incurred expenses on behalf of its NLFI amounting to € 4 million for strategic expenses related to the privatization.

Mortgage loans to the Executive Board can be broken down as follows:

Amounts in Euros x 1,000	Outstanding		Average interest %		Settlement	
Executive directors	2013	2012	2013	2012	2013	2012
J.P.M. Baeten	691	734	3.2%	4.0%	-	-
M.H. Verwoest	500	-	3.5%	-	-	-
TOTAL	**1,191**	**734**	**-**	**-**	**-**	**-**

These mortgage loans held by the members of the Executive Board have been issued based on current personnel conditions. The normal employee conditions consists of limits and thresholds to which personnel interest-rate discount applies. For mortgage loans greater than € 340 thousand arm's length conditions apply.
The normal employee conditions are applied to insurance contracts held by the members of the Executive Board.

36 Remuneration of the Executive Board and Supervisory Board

The remuneration of the executive and supervisory directors is determined in accordance with the current Articles of Association of ASR Nederland N.V.

36.1 Remuneration of supervisory directors

The annual remuneration for members of the a.s.r. Supervisory Board has been calculated as follows:

Amounts in Euros x 1,000			2013			2012
Supervisory directors	As a supervisory director	As a committee member	Total	As a supervisory director	As a committee member	Total
C. van der Pol	45	5	50	45	5	50
A.P. Aris	30	5	35	30	5	35
C.H. van den Bos[1]	30	14	44	30	13	43
M. Scheltema[1]	30	14	44	30	13	43
TOTAL	**135**	**38**	**173**	**135**	**36**	**171**

1 From 1 April 2012 the amount as a committee member also includes remuneration for services as supervisory director of ASR Bank N.V. amounting to 4,000 euro's per annum per supervisory director.

36.2 Remuneration of current and former executive directors

The remuneration of current and former executive directors is in accordance with the 2013 remuneration policy. This policy was approved by the shareholder.

In accordance with the remuneration law 'Wet aansprakelijkheidsbeperking DNB en AFM en bonusverbod staatsgesteunde ondernemingen', issued by the Dutch government, no variable remuneration has been disbursed to the Executive Board Directors for the fiscal year 2013. In 2012 a.s.r. made use of the opportunity as stated in this law to provide a temporary personal allowance to the Executive Board Directors, excluding the Chairman. With this personal allowance, a.s.r. did remain well below the allowed maximum of 20%.

The remuneration can be broken down as follows:

Amounts for 2013 in Euros x 1,000 Executive directors	Fixed employee benefits[1]	Short-term variable employee benefits	Post-employment benefits	Pension benefits2	Expense allowance	Termination benefits	Long-term variable remuneration	Total, including long-term variable remuneration
J.P.M. Baeten	520	-	-	222	5	-	-	747
R.T. Wijmenga	403	-	-	131	5	-	-	539
K.T.V. Bergstein	396	-	-	93	5	-	-	494
M.H. Verwoest	396	-	-	110	5	-	-	511
TOTAL	**1,715**	**-**	**-**	**556**	**20**	**-**	**-**	**2,291**

Amounts for 2012 in Euros x 1,000 Executive directors	Fixed employee benefits[1]	Short-term variable employee benefits	Post-employment benefits	Pension benefits[2]	Expense allowance	Termination benefits	Long-term variable remuneration	Total, including long-term variable remuneration
J.P.M. Baeten	516	-	-	193	5	-	-	714
R.T. Wijmenga	400	-	-	131	5	-	-	536
K.T.V. Bergstein	395	-	-	93	5	-	-	493
M.H. Verwoest*	35	-	-	8	-	-	-	43
R.H.A. van Vledder**	173	-	-	53	3	334	-	563
TOTAL	**1,519**	**-**	**-**	**478**	**18**	**334**	**-**	**2,349**

1 In 2013 the fixed employee benefits increased in line with the annual CAO-index.

2 The pension benefits include pensions and VPL. In 2013, no additional charges were made and no additional pension benefits have been granted to the executive directors. The changes in the cost of pension benefits are mainly the result of the relatively low discount rate assumption at the end of 2012 as compared to the end of 2011 due to the lower interest-rates throughout the market. Furthermore, the impact of age, years of service, gender and age differentiated disability, mortality as well as other actuarial assumptions influence the movement in the pension benefits. In 2012 pension indexation has been changed from unconditional to conditional and pension benefits are normalized accordingly in 2013. The pension benefits have been determined in accordance with IAS 19R and the 2012 comparative figures have been restated to reflect the impact of the adoption of IAS19R by a.s.r.

* Joined the Executive Board on 1 December 2012.

** Term of service as executive director ended on 31 December 2011. Term of service at a.s.r. ended on 30 June 2012. The termination benefit has been determined in 2012 in accordance with the Dutch Corporate Governance Code (article II.2.8) and contractual obligations and amounts to a one-year salary.

37 Acquisitions

On 1 November 2013, ASR Deelnemingen N.V. acquired 100% of the shares of Solid Mortgages B.V. for an amount of € 2 million.

38 Contingent liabilities

Claims and disputes

The group is a respondent in a number of claims, disputes and legal proceedings arising from the normal conduct of business.

Provisions are formed for such occurrences if, in management's opinion and after consultation with its legal advisers, a.s.r. is likely to have to make payments and the payable amount can be estimated with sufficient reliability. The costs of the compensation scheme for unit-linked insurance contracts have been fully recognized in the financial statements based on management's best knowledge of current facts, actions, claims, complaints and events. Provisions are recognized in the liabilities arising from insurance contracts and legal provisions (see chapter 18).

Dutch insurers see an increase in insurance policies complaints/claims based on grounds other than the cost compensation. Current and possible future legal proceedings could have a substantial financial and reputational impact. However it is not possible at this time to make reliable estimates of the number of expected proceedings, possible future precedents and the financial impact of current and possible future proceedings. Currently there are no indications that such a provision would be necessary for a.s.r.

As for other claims and legal proceedings against a.s.r. known to management (and for which, in accordance with the defined principles, no provision has been formed), management feels, after having sought expert advice, that these claims have no chance of success, or that a.s.r. can successfully mount a defence against them, or that the outcome of the proceedings is unlikely to result in a significant loss for a.s.r.

Investment obligations and guarantees

Where property developments are concerned, ASR Vastgoed Vermogensbeheer has assumed investment obligations for an amount of € 261 million (2012: € 403 million) and has issued guarantees to third parties for a total amount of € 330 million (2012: € 330 million).

a.s.r. has issued guarantees to third parties for a total amount of € 437 million (2012: € 504 million) for real estate development projects and the acquisition of property. Those guarantees were issued by principals for the execution of projects for the benefit of clients.

Lease commitments

The table below breaks down the commitments for non-cancellable operating leases as at 31 December:

Lease commitments	2013	2012
No later than 3 months	1	1
Later than 3 months and no later than 1 year	3	4
Later than 1 year and no later than 5 years	6	7
Later than 5 years	-	-
TOTAL	**10**	**12**

Other commitments have been entered into primarily for facility and ICT contract related to an amount of € 41 million (2012: € 37 million).

Company financial statements

39 Company balance sheet

	Note	31 December 2013	31 December 2012
Property, plant and equipment	1	-	15
Subsidiaries, joint ventures and associates	2	3,652	3,809
Loans to group companies	3	122	289
Loans and deposits	4	29	31
Receivables from group companies	5	2,283	2,056
Deferred tax assets	6	22	107
Other assets		3	5
Cash and cash equivalents	7	5	166
Total assets		**6,116**	**6,478**
Equity			
Share capital	8	100	100
Share premium reserve	8	962	962
Statutory reserves	8	492	398
Actuarial gains and losses	8	-107	-224
Other reserves	8	790	609
Profit for the year	8	281	316
Total equity attributable to shareholders		**2,518**	**2,161**
Other equity instruments	8	515	515
Equity attributable to holders of equity instruments		**3,033**	**2,676**
Employee benefits	9	2,426	2,548
Provisions	10	20	19
Borrowings	11	30	30
Debts to group companies		182	941
Other liabilities	12	425	264
Total liabilities		**3,083**	**3,802**
TOTAL LIABILITIES AND EQUITY		**6,116**	**6,478**

40 Company income statement

	2013	2012
Share of profit/(loss) of group companies	296	220
Other income and expenses after tax	-15	96
PROFIT FOR THE YEAR	**281**	**316**

Due to the retrospective treatment of IAS 19 Employee benefits and as a result of the legal merger, the comparative figures for 2012 have been restated accordingly (see chapter 41).
The numbers following the line items refer to the relevant chapters in the notes to the company financial statements.

41 Notes to the company financial statements

General

The consolidated financial statements of a.s.r. for 2013 have been prepared in accordance with IFRS – including the International Accounting Standards (IAS) and Interpretations – as accepted within the European Union. In accordance with Section 362(8), Book 2 of the Netherlands Civil Code, the ASR Nederland N.V. Executive Board has decided to apply the same accounting policies to the consolidated financial statements as to the company financial statements. This has been the practice since 2005.

The legal merger of ASR Nederland N.V. with ASR Verzekeringen N.V. and Amersfoortse Verzekeringen N.V. is effective as of 9 September 2013, retrospectively from 1 January 2013.

Investments in group companies are carried at net asset value, in accordance with the accounting policies used in a.s.r.'s consolidated financial statements. The share of profit of group companies is reported in conformity with the accounting policies used in a.s.r.'s consolidated financial statements.

ASR Nederland N.V. has availed itself of the option offered by Section 402, Book 2 of the Netherlands Civil Code to prepare an abridged income statement.

Unless stated otherwise, all amounts presented in these financial statements are in millions of euros.

Changes in accounting policies and presentation

Except for the change in accounting policy as a result of the amendment to IAS 19 Employee benefits a.s.r. has prepared its company financial statements in accordance with the same principles for financial reporting, presentation and calculation methods used for the 2012 company financial statements. See chapter 2.2 for the detailed impact of these changes.

The current presentation also differs from last year's presentation in some respects mainly due to the legal merger. Where applicable, the comparative figures have been restated. The changes in presentation as a result of the legal merger do not have an effect on a.s.r.'s profit for the year, total comprehensive income and total equity.

41.1 Notes to the company balance sheet

1. Property, plant and equipment

The property, plant and equipment consisted of property which was sold in 2013 to a group company for € 14 million based on the fair value of this property at the date of transfer. Immediately prior to the transfer impairment amounting to €1 million was recognized.

2. Subsidiaries, joint ventures and associates

	2013	2012
At 1 January	3,809	3,555
Additions to capital	153	77
Share of profit	296	220
Dividend received	-697	-421
Revaluations	94	324
Change in DPF component	-2	-
Other changes	-1	54
AT 31 DECEMBER	**3,652**	**3,809**

3. Loans to group companies

	2013	2012
At 1 January	289	656
Issues	192	272
Repayments	-359	-639
AT 31 DECEMBER	**122**	**289**

The loans to group companies consist primarily of deposits with group companies of € 47 million (2012: € 214 million) repayable within one year and loans of € 30 million (2012: € 30 million) with a maturity term within 3 years and an average interest-rate of 4.5% and loans of € 45 million with a maturity term longer than 3 years and an average interest-rate of 4.3% (2012: 5.9%).

4. Loans and receivables

	2013	2012
At 1 January	31	36
Issues	-	-
Repayments	-2	-5
AT 31 DECEMBER	**29**	**31**

5. Receivables from group companies
Receivables from group companies includes the receivable with respect to non-qualifying plan assets (see chapter 17) administered by ASR Levensverzekering N.V. amounting to € 2,031 million (2012: € 1,984 million).
The remaining portion of the receivables from group companies are payable on demand.

6. Deferred tax assets
The deferred tax assets relate primarily to employee benefits (including the asset resulting from the insurance contracts which is administered by the ASR Levensverzekering N.V.) amounting to € 42 million (2012: € 125 million) off set by the equalization reserve of € 18 million (2012: €14 million).

7. Cash and cash equivalents
Cash and cash equivalents are stated at face value. They are fully and freely available to the company.

8. Equity

	Share capital	Share premium reserve	Actuarial gains and losses	Statutory reserves	Other reserves	Profit for the year	Equity attributable to shareholders	Other equity instruments	Equity
At 1 January 2012	100	962	-	72	508	212	1,854	515	2,369
Change in accounting policies	-	-	-	-	-109	-	-109	-	-109
Restated opening balance 2012	**100**	**962**	**-**	**72**	**399**	**212**	**1,745**	**515**	**2,260**
Profit for the year	-	-	-	-	-	316	316	-	316
Remeasurement of post employment									
benefit obligation	-	-	-224	-	-	-	-224	-	-224
Unrealized change in value	-	-	-	324	103	-	427	-	427
Dividend paid	-	-	-	-	-	-71	-71	-	-71
Result carried over from previous financial year	-	-	-	-	141	-141	-	-	-
Change in reserves required by law	-	-	-	2	-	-	2	-	2
Profit carried over from previous financial year	-	-	-	-	-	-	-	-	-
Discretionary interest on other equity instruments	-	-	-	-	-45	-	-45	-	-45
Issue of other equity instruments	-	-	-	-	-	-	-	-	-
Cost of issue of other equity instruments	-	-	-	-	-	-	-	-	-
Change in reserves required by law	-	-	-	-	-	-	-	-	-
Tax relating to interest on other equity instruments	-	-	-	-	11	-	11	-	11
AT 31 DECEMBER 2012	**100**	**962**	**-224**	**398**	**609**	**316**	**2,161**	**515**	**2,676**
At 1 January 2013	100	962	-224	398	609	316	2,161	515	2,676
Profit for the year	-	-	-	-	-	281	281	-	281
Remeasurement of post employment									
benefit obligation	-	-	117	-	-	-	117	-	117
Unrealized change in value	-	-	-	94	-13	-	81	-	81
Dividend paid	-	-	-	-	-	-88	-88	-	-88
Result carried over from previous financial year	-	-	-	-	-	-	-	-	-
Change in reserves required by law	-	-	-	-	-	-	-	-	-
Profit carried over from previous financial year	-	-	-	-	228	-228	-	-	-
Discretionary interest on other equity instruments	-	-	-	-	-44	-	-44	-	-44
Issue of other equity instruments	-	-	-	-	-	-	-	-	-
Cost of issue of other equity instruments	-	-	-	-	-	-	-	-	-
Change in reserves required by law	-	-	-	-	-	-	-	-	-
Tax relating to interest on other equity instruments	-	-	-	-	11	-	11	-	11
Other	-	-	-	-	-1	-	-1	-	-1
AT 31 DECEMBER 2013	**100**	**962**	**-107**	**492**	**790**	**281**	**2,518**	**515**	**3,033**

The statutory reserve relates to the revaluation of investments in group companies. Expected claims for additional benefits under insurance contracts with DPF are included in the Other reserves amounting to € 2 million (2012: € 3 million).

For a break down of the Share capital see chapter 15.1.

Other equity instruments

The other equity instruments relate to four different hybrid Tier 1 instruments that are classified as equity (see chapter 15.4).

The payments of all amounts due in respect of the Other equity instruments is guaranteed on a subordinated basis by ASR Levensverzekering N.V., a group company.

9. Employee benefits

Employee benefits can be broken down as follows (see chapter 17 for further details):

	31 December 2013	31 December 2012
Post-employment benefits pensions	2,405	2,517
Post-employment benefits other than pensions	15	21
Other long-term employee benefits	6	10
TOTAL EMPLOYEE BENEFITS	**2,426**	**2,548**

10. Provisions

The table below shows movements in provisions:

	31 December 2013	31 December 2012
At 1 January	19	22
Additional provisions	24	28
Reversal of unused amounts	-	-
Utilized in course of year	-23	-31
AT 31 DECEMBER	**20**	**19**

Provisions primarily relate to provisions for:
- staff restructuring; and
- retained disability risk.

The timing of the outflow of resources related to these provisions is uncertain because of the unpredictability of the outcome and time required for the settlement of disputes.

11. Borrowings

The residual term to maturity of the borrowings from group companies amounting to € 30 million (2012: € 30 million) is 7 months (2012: 19 months). The average interest-rate is 3.8% (2012: 3.8%).

12. Debts to group companies

	31 December 2013	31 December 2012
Debt to group companies	135	359
Deposits due to group companies	47	582
DEBTS TO GROUP COMPANIES	**182**	**941**

The debts to group companies contain short term debts which are immediately collectable and deposits due to group companies with an interest-rate ranging between 1.6% and 1.7%. The maturities of the deposits range between 3 and 12 months.

13. Other liabilities

	31 December 2013	31 December 2012
Other liabilities	49	62
Accrued interest	-	3
Short-term employee benefits	10	10
Trade payables	12	26
Tax payables	354	163
TOTAL OTHER LIABILITIES	**425**	**264**

41.2 Notes to the company income statement

Auditor's fees

Auditor's fees are paid to auditors by the company, its group companies and other consolidated companies. The fees paid for the years 2013 and 2012 can be broken down as follows:

- fees for audit engagements: these include fees paid for the audit of the consolidated and company financial statements, quarterly reports and other reports;
- fees for non-audit services: these include fees for support and advisory services provided during acquisitions.

A breakdown of these fees is provided below:

Amounts in Euro's 1,000	2013	2012
Examining and auditing the financial statements under the articles of association and other group company audits under the articles of association	1,863	2,243
Other audit services	681	552
Tax advisory services	-	42
Other non-audit services	98	229
TOTAL AUDIT FEES	**2,642**	**3,066**

41.3 Contingent liabilities

Joint and several liability

ASR Nederland N.V. forms a fiscal unity for Corporate Income Tax and VAT with nearly all of its subsidiaries. The company and its subsidiaries that form part of the fiscal unity are jointly and severally liable for taxation payable by the fiscal unity.

A statement of joint and several liability under section 403, Book 2 of the Netherlands Civil Code has been issued by ASR Nederland N.V. for the companies identified in the other information part 7.3.

Investment obligations and guarantees

ASR Nederland N.V. has issued guarantees to third parties for a total amount of € 323 million (2012: € 323 million) for real estate development projects and the acquisition of property.

Lease commitments

For the table with the breakdown of the commitments for non-cancellable operating leases see chapter 38.

Commitments to group companies

ASR Nederland N.V has committed to a capital increase of ASR Bank N.V. amounting to € 17 million for the period 2013 to 2017. The amount will be paid in tranches when required by ASR Bank N.V. depending on its required solvency. As a consequence of the growing business capital the first tranche amounting to € 7,2 million was made in 2013.

Utrecht, 1 April 2014

Supervisory Board
Kick van der Pol
Annet Aris
Cor van den Bos
Margot Scheltema

Executive Board
Jos Baeten
Karin Bergstein
Michel Verwoest
Roel Wijmenga


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

Part VII

Other information

7.1 Independent auditor's report

To: the Shareholder, the Supervisory Board and the Executive Board of ASR Nederland N.V.

Report on the audit of the financial statements

Our opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of ASR Nederland N.V. as at 31 December 2013 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

Our opinion with respect to the company financial statements
In our opinion, the company financial statements give a true and fair view of the financial position of ASR Nederland N.V. as at 31 December 2013 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Our engagement
We have audited the financial statements 2013 of ASR Nederland N.V., Utrecht ('the Company').
The financial statements include the consolidated financial statements and the company financial statements.
The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information.
The company financial statements comprise the company balance sheet as at 31 December 2013, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section *Our responsibility for the audit of the financial statements* of our report. We are independent of the Company within the meaning of the Dutch ethical requirements as included in the 'Verordening op de gedrags- en beroepsregels accountants' (VGBA) and the 'Verordening inzake de onafhankelijkheid van accountants' (ViO) and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. Key audit matters are selected from the matters communicated with the Executive Board, the Supervisory Board and the Audit and Risk Committee, but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of the key audit matters described below, and we do not express an opinion on these individual matters.

Sensitivities in the calculation of the liabilities arising from insurance contracts
The calculation of the liabilities arising from insurance contracts is complex and highly judgmental and is based on assumptions which are affected by future economic and political conditions. The assumptions used relate to risks regarding mortality, longevity, catastrophe, lapse and expense. Furthermore the valuation of the liabilities arising from insurance contracts is affected by government regulations, in particular regarding the claim allocations to the Company from workers' compensations insurance (WGA-ER) and healthcare insurance.

The assumptions require significant Executive Board's judgment. The company has comprehensive procedures and internal controls in place to determine the value of the liabilities arising from insurance contracts.
Our audit included, amongst others, comprehensive testing of the Company's procedures regarding the determination of the assumptions, based on market observable data and actuarial analysis of the technical results during the year compared with the expected outcome based on the used assumptions. We discussed the outcome of the internally prepared analysis with the internal actuaries and the external (certifying) actuaries and we challenged the assumptions used, making use of our own actuarial experts.
We furthermore focused on the adequacy of disclosure of the provisions and the related risks and assumptions in notes 2.25 and 16 of the financial statements.

Application of shadow accounting has a significant impact on the financial statements
The Company applies shadow accounting in its financial reporting as disclosed in note 2.25. As a result unrealized gains on fixed income investments and interest derivatives, held for hedging the interest risk in the technical provisions, are not recognized in equity or investment income but are added to or deducted from the insurance liabilities. Shadow accounting is only applied for interest effects. Shadow accounting is complex, requires significant Executive Boards judgment and has a significant impact on the technical provisions.

As part of our audit procedures we tested the valuation of the fixed income investments and interest derivatives, held for hedging the interest risk in the technical provisions. Furthermore we tested the internal controls regarding the accounting treatment of the interest results, paying special attention to the appropriate elimination of impairment results on the fixed income investments.

Sensitivities in the calculation of the solvency ratio
For the calculation of the solvency ratios as disclosed in note 4.1.2. the surplus from the liability adequacy test (test margin) and the surplus of the investment property value (the difference between the book value and the fair value) are important inputs. Both these inputs are under pressure due to market conditions. The surplus from the liability adequacy test is especially sensitive for changes in interest-rates and cost parameters. The surplus of the investment property value is especially sensitive to market developments.

Our audit procedures include challenging the underlying assumptions used by the Executive Board for the liability adequacy test, making use of market observable data and publications of the Dutch Central Bank. We discussed the outcome of the liability adequacy test with the internal actuaries and the external (certifying) actuaries, making use of our own actuarial experts.
As part of our audit we tested the internal procedures regarding the valuation of the investment property portfolio and assessed whether the fair value of investment property was based on valuation reports of independent professional property appraisers. We furthermore focused on the adequacy of disclosure on investment property and assumptions in note 9 of the financial statements.

Going concern
The Company's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless the Executive Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. As part of our audit of the financial statements, we concur with the Executive Board's use of the going concern basis of accounting in the preparation of the Company's financial statements.

The Executive Board has not identified a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, and accordingly none is disclosed in the financial statements.

Based on our audit of the financial statements, we also have not identified such a material uncertainty. However, neither the Executive Board nor the auditor can guarantee the Company's ability to continue as a going concern.

Responsibilities of the Executive Board, the Supervisory Board and Audit and Risk Committee for the financial statements

The Executive Board is responsible for the preparation and fair presentation of these financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Report of the Executive Boards in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. The Supervisory Board and the Audit and Risk Committee are responsible for overseeing the Company's financial reporting process.

Our responsibility for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Dutch Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Company to express an opinion on the financial statements.

We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We are required to communicate with the Supervisory Board and the Audit and Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We are also required to provide the Supervisory Board and Audit and Risk Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Report of the Executive Board and other information

Pursuant to the legal requirement under Part 9 of Book 2 of the Dutch Civil Code regarding our responsibility to report on the Report of the Executive Board and the other information:

- We have no deficiencies to report as a result of our examination whether the Report of the Executive Board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the other information as required by Part 9 of Book 2 has been annexed.

We report that the Report of the Executive Board, to the extent we can assess, is consistent with the financial statements.

Utrecht, 1 April 2014

KPMG Accountants N.V.

W. Teeuwissen RA

7.2 Events after the balance sheet date

There have been no material events after the balance sheet date that would require adjustment to the consolidated financial statements of a.s.r. as at 31 December 2013.

7.3 List of principal group companies and associates

Company name	Equity interest	Rate of control	Seat	Segment
Administratie- en Adviesbureau voor Belegging en Krediet (A.B.K.) B.V.[1]	100.00	100.00	Amersfoort	Non-Life
ASR Aanvullende Ziektekostenverzekeringen N.V.[1,2]	100.00	100.00	Amersfoort	Non-Life
ASR Basis Ziektekostenverzekeringen N.V.[1,2]	100.00	100.00	Amersfoort	Non-Life
ASR Schadeverzekering N.V.[1,2]	100.00	100.00	Utrecht	Non-Life
ASR Ziektekostenverzekeringen N.V.[1]	100.00	100.00	Amersfoort	Non-Life
Europeesche Verzekering Maatschappij N.V.[2]	100.00	100.00	Amsterdam	Non-Life
N.V. Amersfoortse Algemene Verzekering Maatschappij[1,2]	100.00	100.00	Amersfoort	Non-Life
ASR Nederland Vastgoed Maatschappij N.V.[1]	100.00	100.00	Utrecht	Life/Non-Life
ASR Levensverzekering N.V.[1,2]	100.00	100.00	Utrecht	Life
Deltafort Beleggingen I B.V.	50.00	50.00	Amsterdam	Life
Sycamore 5 B.V.[1]	100.00	100.00	Utrecht	Life
Sycamore 6 B.V.[1]	100.00	100.00	Utrecht	Life
Brand New Day Premiepensioeninstelling N.V.[3]	50.00	50.00	Utrecht	Life
ArboNed Holding B.V. (previously 365 Holding B.V.)	41.00	41.00	Utrecht	Other
ASAM N.V.[1]	100.00	100.00	Utrecht	Other
ASR Bank N.V.[3]	100.00	100.00	Utrecht	Other
ASR Betalingscentrum B.V.[1]	100.00	100.00	Utrecht	Other
ASR Deelnemingen N.V.[1]	100.00	100.00	Rotterdam	Other
ASR Hypotheken B.V.[1]	100.00	100.00	Utrecht	Other
ASR Nederland Beleggingsbeheer N.V.[3]	100.00	100.00	Utrecht	Other
ASR Nederland N.V.	100.00	100.00	Utrecht	Other
ASR Pension Fund Services N.V.[1]	100.00	100.00	Utrecht	Other
ASR Service Maatschappij N.V.[1]	100.00	100.00	Rotterdam	Other
ASR Vastgoed Ontwikkeling N.V.	100.00	100.00	Utrecht	Other
ASR Vastgoed Vermogensbeheer B.V.[1]	100.00	100.00	Utrecht	Other
B.V. Nederlandse Hulpverleningsorganisatie-SOS International	100.00	100.00	Amsterdam	Other
Het AssuradeurenHuys B.V.[3]	100.00	100.00	Haarlem	Other
PoliService B.V.[3]	100.00	100.00	Zeist	Other
Servicemaatschappij 'De Hoofdpoort' N.V.[1]	100.00	100.00	Rotterdam	Other
United Reforce I B.V.[1]	100.00	100.00	Utrecht	Other

All group companies and associates are located in the Netherlands.

1 These are companies for which a statement of joint and several liability under section 403, Book 2 of the Netherlands Civil Code has been issued.
2 Registered insurance companies
3 Other Wft registered companies

7.4 Other equity interests

For notes to equity interests in associates and joint ventures, see chapter 10.

The list of equity interests required under Sections 379 and 414, Book 2 of the Netherlands Civil Code has been filed with the Trade Register of the Chamber of Commerce in Utrecht.

7.5 Provisions of the Articles of Association regarding profit appropriation

Article 21 of the Articles of Association reads as follows:

1. The Company may distribute any profit to shareholders and other persons entitled to profits only if its net assets exceed the sum of the paid and called-up portion of its capital plus the reserves that must be maintained by law.
2. Annually the annual general meeting of shareholder determines either on the recommendation of the management board and with the approval of the supervisory board or on its own initiative, which part of the profit will be retained or distributed.
3. The annual general meeting of shareholders may, with respect to the stipulations in paragraph 1, either on the recommendation of the management board and with the approval of the supervisory board or on its own initiative make a distribution to be chargeable to the distributable part of the net assets.
4. The annual general meeting of shareholders may either on the recommendation of the management board and with the approval of the supervisory board or on its own initiative pay an interim dividend distribution subject to the conditions set out under paragraph 1 above as evidenced by an interim statement of assets and liabilities as referred to in Section 105 paragraph 4, Book 2 of the Civil Code.
5. No profit shall be distributed to the Company in respect of shares held by the Company in its own capital.
6. When calculating the profit, the shares held by the Company on which pursuant to paragraph 5 no distribution to the Company is made shall be disregarded.
7. The claim of the shareholder for payment shall be barred after five years have elapsed.

7.6 Profit appropriation

The Executive Board will propose to the Annual General Meeting of Shareholders to distribute € 99 million in dividend on ordinary shares for 2013.

7.7 Dutch Insurance Code

On 1 July 2013, an amended version of the Dutch Insurance Code came into force. One of the features of the amended Code is the requirement for insurers to account for their compliance per stipulation. These compliance reports are to be included in consolidated/company annual reports and published on the group/company website. Such a compliance report for a.s.r. is given below. The Dutch Insurance Code can be downloaded at www.asr.nl/EN/about-asr (in Dutch).

1. Compliance and transparent accountability

1.1 Compliance with the Code
a.s.r. applies all the principles of the Dutch Insurance Code. Compliance with the principles is carefully monitored and, where possible, improved, taking account of the constantly changing needs of stakeholders. Any comparable legal and regulatory requirements that go beyond the principles set down in the Code, are complied with.

a.s.r. applies the Code to the following insurance companies:
- ASR Schadeverzekering N.V.
- ASR Levensverzekering N.V.
- ASR Basis Ziektekostenverzekering N.V.
- ASR Aanvullende Ziektekostenverzekering N.V.
- N.V. Amersfoortse Algemene Verzekering Maatschappij
- Europeesche Verzekering Maatschappij N.V.

1.2 Accountability under the Code
If an insurer is part of a group, it may apply parts of the Code at either group or consolidated level. a.s.r. has opted for application of the Code's principles at consolidated level. ASR Bank N.V. accounts for its compliance with the Dutch Banking Code in a separate report.

2 Supervisory Board

2.1. Composition and expertise

2.1.1 The Supervisory Board shall be composed in such a way as to enable the proper performance of its duties. Key to the proper performance of the Supervisory Board's duties are complementarity, joint management, independence and diversity.

Compliance with this principle is enshrined in the Supervisory Board's regulations and profile. The regulations stipulate that the Supervisory Board should be composed in such a way as to enable the proper performance of its duties. The Supervisory Board has drafted a profile detailing its size and composition, taking account of the company's nature and business, and of the expertise, experience and independence called for in its members. The Supervisory Board aims for diversity in its membership as to age and gender, amongst others. Once a year, the Supervisory Board evaluates its profile in order to learn lessons for its composition, practices and competencies. When candidates are nominated for appointment or re-appointment, the requirements regarding the composition and competencies of the Supervisory Board are considered in light of the profile.

The Supervisory Board is diverse in terms of the gender and professional background of its members. The diversity of the members of the Supervisory Board guarantees its complementary profile. Supervisory Board members satisfy the independence criteria set down in the Dutch Corporate Governance Code. The members perform their duties collectively and with joint responsibility.

The Supervisory Board may request any information it deems necessary to the performance of its duties as well as consult external experts. The Supervisory Board performs a self-assessment at least once a year, whereby its composition is included.

The Supervisory Board's regulations, its general profile and a short CV of each member have been posted on www.asr.nl/EN/about-asr.

2.1.2 *The Supervisory Board should have a sufficient number of members to enable the proper performance of the duties of the Board and its committees. What is deemed to be a suitable number also depends on the nature, size and complexity of the insurer.*

The Supervisory Board has four members. The question whether the size of the board remains adequate and appropriate was again discussed at the 2013 self-assessment. In view of the company's nature and business and the desired experience and expertise, the Supervisory Board deems four members a suitable number to enable the proper performance of its duties and those of its committees.

2.1.3 The Supervisory Board members shall have thorough knowledge of the insurer's rule in society and of the interests of all its stakeholders, and shall carefully consider the interests of the insurer's stakeholders, such as customers, shareholders and employees.

The Supervisory Board's regulations require the Supervisory Board to take into consideration the interests of all stakeholders of a.s.r. and all its regulated entities, including any relevant corporate social responsibility aspects of the various divisions.

Shortly after their appointment, Supervisory Board members follow a tailored induction programme to introduce them to a.s.r and their role as Supervisory Board members. The programme focuses on a.s.r.'s role in society, including the interests of customers, intermediaries, employees and the shareholder.
The Supervisory Board explicitly considers the interests of the various stakeholders in any issue it deals with. In order to gain a good understanding of these interests, the Supervisory Board conducted several interviews with the shareholder, the regulators and the Works Council in 2013.

2.1.4 *Each Supervisory Board member shall be capable of assessing the main aspects of the insurer's overall strategy in order to form a considered and independent opinion of the basic risk exposures. Each member shall also have the specific expertise required to perform his or her role within the Supervisory Board. To this end, an individual profile – in line with the general profile for the Supervisory Board – shall be compiled whenever a vacancy arises.*

The regulations stipulate that each Supervisory Board member must be able to assess the main aspects of a.s.r.'s overall strategy. All members must have plenty of experience in highly responsible positions and a proven track record of well-considered business decisions. The composition of the Supervisory Board enables members to be critical of each other, the Executive Board or any subsidiary interest.

Members are nominated for their potential contribution in terms of knowledge, experience and skills in one or more areas, in accordance with the Supervisory Board's needs at that time.

At least once a year, the Supervisory Board discusses its own performance and that of its individual members, and the conclusions to be drawn from this. As mentioned, the desired profile, composition and competencies of the Supervisory Board are discussed once a year.

In 2013, the Dutch Central Bank (DNB) re-evaluated the suitability and reliability of all four Supervisory Board members within the scope of the Dutch Financial Supervision Act. DNB confirmed the suitability of all four members for their current position on the Supervisory Board.

2.1.5 As part of the process to fill the vacancy of chair of the Supervisory Board, an individual profile shall be drawn up focusing on the insurer's requirements in terms of expertise and experience in relation to the financial sector, and knowledge of the socio-economic and political culture, and the social environment of the insurer's main markets.

When the incumbent chair of the Supervisory Board steps down, the Supervisory Board will draft an individual profile in line with the general profile for the entire Supervisory Board as well as covering the requirements concerning financial sector experience and expertise, and knowledge of the socio-economic and political culture and the social environment of the main markets in which the insurer operates.

The incumbent chair of the Supervisory Board possesses wide knowledge and many years' experience of the financial services sector and of the socio-economic and political culture and the social environment of the main markets in which a.s.r. operates.

2.1.6 The availability and accessibility of each member of the Supervisory Board, the chair in particular, shall be such as to enable the proper performance of their duties as Supervisory Board members and Supervisory Board committee members.

On appointment, the chair and members of the Supervisory Board pledged to make themselves sufficiently available and accessible to enable the proper performance of their duties as Supervisory Board members and Supervisory Board Committee members. And they have done so.

Members' availability may be deduced from their attendance at meetings, as disclosed in this annual report. At only one meeting did one member fail to attend. All other meetings in 2013 were attended by all members of the Supervisory Board. Outside meetings, members may be contacted (individually) and are available for discussion and consultation.

2.1.7 Members of the Supervisory Board shall each be paid an appropriate fee proportionate to the time required to perform their duties. The size of the fee shall be independent of the insurer's results.

a.s.r. has a careful, restrained and sustainable remuneration policy. The members of a.s.r.'s Supervisory Board are paid a fee proportionate to the time required to perform their duties. The size of their fee does not depend on a.s.r.'s results and is adopted by the Annual General Meeting of Shareholders (AGM).

2.1.8 The chair of the Supervisory Board shall ensure that a programme of continuing education is in place for the members of the Supervisory Board, aimed at maintaining and, where necessary, enhancing members' skills and expertise. This programme shall at least cover relevant developments regarding the insurer and the financial sector, corporate governance in general and that of the financial sector in particular, the duty of care to customers, integrity, risk management, financial reporting and audits. All members shall take part in the programme and satisfy the continuing education requirements.

The chair of the Supervisory Board is responsible for the effectiveness of the Supervisory Board and its committees. The Supervisory Board's regulations stipulate that members are to follow a programme of continuing education (CE) and satisfy the CE requirements.

In 2013, three CE sessions were organized for the members of the Supervisory Board. The first was devoted to developments in distribution and consumer behaviour, the second to regulatory changes and the third to value management. Members can use the annual self-assessment to indicate whether they require additional training and education in specific topics, which is then organized within the CE framework.

2.1.9 An evaluation of the effectiveness of the continuing education referred to under principle 2.1.8 shall form part of the Supervisory Board's annual assessment.

The Supervisory Board takes account of the effectiveness of the CE programme in its annual evaluation and assessment of members' performance, and discusses whether members have sufficiently enhanced their knowledge of the topics covered in the CE programme.

2.1.10 In addition to Supervisory Board's annual self-assessment, the Supervisory Board's performance shall be assessed once every three years under independent guidance. This shall include an evaluation of individual members' commitment, the culture within the Supervisory Board as a whole and the relationship between the Supervisory and Executive Boards.

The Supervisory Board's regulations stipulate that the Board should conduct an annual assessment of its performance and that this assessment is to take place under the guidance of an external party every three years. Following the assessment under external guidance in 2012, the Supervisory Board conducted a self-assessment in 2013 using feedback questionnaires. The findings were first discussed within the Supervisory Board and subsequently with the Executive Board.

2.2 Duties and procedures

2.2.1 In the conduct of its supervisory duties, the Supervisory Board shall pay particular attention to the insurer's risk management. Discussions of the insurer's risk management should always be prepared by a special risk management or similar committee chosen from among the Supervisory Board members.

In 2013, in accordance with the relevant provisions of its regulations, the Supervisory Board adopted the Executive Board's proposal concerning the risk appetite. The Supervisory Board was advised on this matter by the Audit & Risk Committee (ARC). The Supervisory Board also discussed and adopted the proposals for applying the risk appetite of ASR Nederland N.V. to licensees of ASR Nederland N.V.

The ARC's regulations have been published as an annex to the Supervisory Board's regulations on www.asr.nl/EN/about-asr.

2.2.2 Members of the audit and risk management committee shall be subject to specific requirements concerning competence and experience. Some members of the risk management committee need to possess in-depth knowledge of the financial and technical aspects of risk management or have the experience needed to make a thorough risk assessment, and some members of the audit committee shall possess in-depth knowledge of financial reporting, internal control and auditing or have the experience needed to exercise thorough supervision of these matters.

The ARC's regulations stipulate that the ARC is to be composed in such a way as to ensure the availability of sufficient knowledge and/or experience of the financial and technical aspects of risk management, financial reporting, internal control and auditing to enable proper supervision in these matters.

The ARC consists of two members, appointed by the Supervisory Board. The regular meetings of the ARC, held no fewer than five times a year, are to be attended by, at least, the members of the ARC, the CFO and the heads of the Audit, Risk Management and Integrity departments (the latter being responsible for Compliance).
The ARC members and their CVs are listed on pages 70 and 72 of this annual report. The CVs of the members show that this principle is met.

3 Executive Board

3.1. Composition and expertise

3.1.1 The Executive Board shall be composed in such a way as to enable the proper performance of its duties. Key to the proper performance of the Executive Board's duties are complementarity, joint management and diversity.

The duties and responsibilities of the Executive Board members and the experience and competencies they are expected to possess are described in detail in a.s.r.'s Articles of Association, the Executive Board's regulations and the Board members' job profiles. Management is conducted collectively. Complementarity and diversity are taken into account when filling Board vacancies.

The Executive Board has four members. The composition of the Board is characterized by complementarity and diversity of gender and age, as evidenced by the abbreviated CVs posted on the website www.asr.nl/EN/about-asr and included on page 69 of this report.

3.1.2 Each member of the Executive Board shall possess in-depth knowledge of the financial sector in general and the insurance industry in particular, of the insurer's role in society and of the interests of all stakeholders. Each member shall also be highly knowledgeable, capable of analysing and deciding on the main aspects of the insurer's overall strategy and forming a considered and independent opinion of the risk exposures.

This principle is enshrined in the job profiles for the Executive Board members and is assessed by the Supervisory Board (and/or its Selection, Appointment & Remuneration Committee) whenever vacancies in the Executive Board are being filled. Executive Board members are further subject to a suitability check conducted by the Dutch Central Bank, to ensure that the composition of the Executive Board is adequate to the proper discharge of its duties.

For new Executive Board members, a tailored induction programme is put together, providing a detailed introduction to a.s.r.'s role in society, its stakeholders and their interests, and the overall strategy. To keep members' skills up to date, a continuing education programme has been set up (see 3.1.3). The performance of the Executive Board is periodically assessed by the Supervisory Board.

The members of the Executive Board have varying backgrounds and expertise in the insurance industry and the financial sector (see their abbreviated CVs on www.asr.nl/EN/about-asr and on page 69 of this report).

3.1.3 *The chair of the Executive Board shall ensure that a programme of continuing education is in place, aimed at maintaining and, where necessary, enhancing members' skills and expertise The programme shall at least cover relevant developments in the following areas: the insurer, the financial sector, corporate governance in general and that of the financial sector in particular, the duty of care towards customers, integrity, risk management, financial reporting and audits.*

The Executive Board's regulations guarantee that Executive Board members follow a programme of continuing education (CE). The CE programme comprises both individual and group modules on developments in the financial sector, corporate governance in general and that of the financial sector in particular, the duty of care towards customers, integrity, risk management, financial reporting, auditing and consistent, well-balanced decision-making.

In 2013, the members of the Executive Board attended three CE sessions as a group. The first two were devoted to generational management and reputation management, the third focused on value management. Executive Board members also took individual training courses as part of the CE programme.

3.1.4 All Executive Board members shall take part in the programme referred to under 3.1.3 and satisfy the permanent education requirements. This is a prerequisite for being able to perform adequately as an Executive Board member. The Supervisory Board shall ascertain whether the members of the Executive Board possess the required expertise.

The Supervisory Board's regulations stipulate that it will periodically assess the performance of the Executive Board members by ascertaining whether they continue to satisfy the suitability requirements imposed by the Dutch Central Bank (DNB). All Executive Board members attended the CE sessions (see 3.1.3). The suitability requirements were covered in the target-setting meetings and performance appraisals conducted with the Executive Board members.

3.1.5 Each year, the insurer shall disclose in its annual report how it has implemented principles 3.1.3 and 3.1.4.

The implementation of principles 3.1.3 and 3.1.4 is described in this report.

3.1.6 Taking account of the risk appetite approved by the Supervisory Board, the Executive Board shall carefully balance the insurer's commercial interests and the risks to be taken.

In performing its duties, the Executive Board carefully balances the insurer's commercial interests against the financial risks, taking all the stakeholders and the applicable laws and codes of conduct into consideration and basing itself on the risk appetite as proposed by the Executive Board in accordance with the regulations and adopted by the Supervisory Board.

3.1.7 The Executive Board shall charge one of its members with the duty to prepare the Executive Board's decisions in respect of risk management. This member shall be involved, in a timely manner, in the preparation of decisions that may be material to the insurer's risk profile, particularly if such decisions might cause the risk appetite approved by the Supervisory Board to be departed from. In the performance of the risk management function, the focus should also be on the importance of financial stability and the possible impact of systemic risks on the institution's risk profile.

The Executive Board bears collective responsibility for the management of the company and hence for its general risk management policy. It is the responsibility of the Chief Financial Officer (CFO) to prepare the decision-making on risk management, and this responsibility has been included in the CFO's job profile. In 2013, the CFO prepared all decision-making concerning risk management and risk appetite. The CFO was involved, in a timely manner, in the preparation of decisions that are material to a.s.r.'s risk profile. In the performance of the risk management function, the focus was also on the importance of financial stability and the possible impact of systemic risks on a.s.r.'s risk profile.

3.1.8 *The Executive Board member charged with the duty to prepare the Board's decision-making on risk management shall be able to combine this duty with other areas of responsibility, provided that he or she has no individual commercial responsibility for, and operates independently from, commercial areas of responsibility.*

The CFO has three further areas of responsibility besides Risk Management, i.e. Financial Markets, Finance and Accounting, Reporting & Control. The CFO's duties pertaining to these areas of responsibility – and any (financial) results gained from them – do not involve any customer-driven, commercial activities.

3.2 Duties and procedures

3.2.1 *In its actions, the insurer's Executive Board shall carefully balance all interests of the insurer's stakeholders, such as customers, shareholders and employees, taking account of the insurer's continuity, the social environment in which it operates and the applicable laws and codes of conduct.*

a.s.r.'s Executive Board is responsible for the management of a.s.r and its affiliated companies. This responsibility includes the achievement of targets for a.s.r. as a whole, the strategy and associated risk profile, developments in financial performance and any social aspects of doing business that are relevant to a.s.r. The Executive Board is responsible, in particular, for carefully balancing the commercial interests and the risk appetite. Carefully balancing all interests of stakeholders is common practice at a.s.r. and, as such, has been included in the Executive Board's regulations and the internal Code of Conduct.

3.2.2 *Putting customers' interests first is a precondition for the insurer's continuity. Without prejudice to principle 3.2.1, it is the responsibility of the Executive Board to ensure that the insurer treats its customers fairly at all times. The Executive Board must ensure that the duty of care to the customer is embedded in the insurer's culture.*

a.s.r. offers financial continuity and enables people to take well-considered risks in achieving their ambitions. a.s.r believes that for its services to be perceived as valuable, it must know what people consider important. Customers should be able to insure themselves in the way that is most appropriate to their situation, preferences and possibilities. Hence a.s.r. chooses to be a socially responsible insurer.

a.s.r. put this ambition and these principles into practice in 2013 by, for example, developing the next generation non-life, occupational disability and pension insurance products. These products are straightforward, transparent and easy-to-understand, and all information pertaining to them was pretested on customers for ease of understanding and findability. They can be offered to customers at a low price, because a.s.r. can operate efficiently using new IT platforms.

a.s.r.'s Product Approval and Review Process (PARP) is an assured part of the entire product development and testing process. Multidisciplinary development teams, the Product Teams and the PARP Board (see principle 4.5) work in accordance with the PARP. The PARP Board tests the quality of new products and assesses whether customer information is understandable, balanced and complete. a.s.r. also conducts a risk assessment of its existing product line to verify whether products still satisfy today's requirements.

a.s.r. works according to the Continuous Improvement approach and customer needs, complaints and contacts obtained through closed-loop customer feedback. The closed-loop customer feedback enables employees to obtain feedback from customers on a continuous basis, translate these into ideas for improvement and implement targeted improvements. For customer feedback to be truly valuable, it needs to be integrated into day-to-day processes and behaviour. At the end of 2013, 700 a.s.r. employees received and used customer feedback every day.

Via the Customer Complaints department, a.s.r. also implements and assures issues that are important to its customers. This allows a.s.r. to be open to complaints, learn from them and strengthen ties to customers. The Executive Board is involved in the handling of complaints addressed to them and provides substantive input. In its complaints handling, a.s.r. aims for communication that is personal, engaged and written in plain language.
a.s.r.'s core values (i.e. personal, approachable and individual and authentic) are shared throughout the organization and employees are encouraged to act upon them – amongst each other and towards customers – by helping by taking action and avoiding waste.
The Executive Board uses periodic performance reports to monitor customer treatment within the different divisions of a.s.r.

3.2.3 *The members of the Executive Board shall fulfil their duties carefully, expertly and with integrity, while complying with all applicable laws, regulations, rules and codes of conduct. The members of the Executive Board shall each sign a moral and ethical declaration, a model of which is included in the notes to this Code. Insurers are free to add to this model to suit their own needs.*

The Executive Board's regulations stipulate that the members of the Executive Board shall fulfil their duties carefully, expertly and with integrity, while complying with all applicable laws, rules, regulations and codes of conduct.

From its mission, a.s.r. has derived three core values that serve as a 'moral backbone': to be individual and authentic, to show a personal touch in contacts with others, and to be accountable for our own conduct and for honouring commitments. These core values are included in the declaration the Executive Board and senior management signed in 2011. The declaration has been posted on www.asr.nl/EN/about-asr.

Under the Dutch Oath or Affirmation (Financial Sector) Regulation, the members of the Executive and Supervisory Boards as well other policymakers took this oath/affirmation in February 2013.

3.2.4 *It is the duty of the Executive Board to ensure that the declaration referred to under principle 3.2.3 is transposed into principles guiding the actions of all the insurer's employees. On appointment, each new employee shall be explicitly informed of the meaning of these principles by means of a reference in their employment contract with the insurer, and they are expected to abide by them.*

All aspects of the moral and ethical declaration are addressed in the codes of conduct and integrity, and employment contracts specifically refer to these codes. a.s.r. provides information and support to employees on questions of how their own conduct and attitude may help to gain and maintain the trust of customers and other stakeholders. Key in this respect is that conduct and attitude should be based on a.s.r.'s core values. The recruitment and selection process and the induction programme for new staff also pay special attention to this topic. For information about the core values, see www.asr.nl/EN/about-asr.

4 Risk management

4.1 *The Executive Board, and within the Executive Board primarily the chair, shall be responsible for the adoption, implementation, monitoring and any necessary adjustments of the insurer's general risk management policy. The Executive Board shall submit a proposal for the risk appetite to the Supervisory Board at least once a year. Any material changes to the risk appetite proposed in the intervening period shall also be subject to the Supervisory Board's approval.*

The Executive Board bears collective responsibility for the management of the business, and hence for its overall risk management policy; final responsibility rests with the chair of the Executive Board. A division of duties was introduced within the Executive Board, under which the final responsibility for risk management has been assigned to the CFO. The preparation of risk management policy decisions is one of the CFO's duties. Functional responsibility for the risk management has been assigned to the Chief Risk Officer (CRO). In the line, the CRO reports to the CFO. There is also an independent line of reporting from the CRO to the Audit & Risk Committee (ARC).

a.s.r.'s risk appetite is reviewed by the Executive Board on an annual basis (or in the event of major adjustments) and submitted for approval to the Supervisory Board. Each year, the Executive Board determines the risk-related priorities for a.s.r on the basis of a company-wide risk assessment. The risk-related priorities are approved by the ARC.

4.2 *The Supervisory Board shall supervise the risk management policy pursued by the Executive Board. To that end, the Supervisory Board shall discuss the insurer's risk profile and assess, at strategic level, whether the overall capital allocation and liquidity requirement are in agreement with the approved risk appetite. The Supervisory Board shall be assisted in the discharge of these supervisory duties by a Risk Management Committee formed from among its members.*

The Supervisory Board exercises periodic supervision over a.s.r.'s risk management. One of the topics discussed in a.s.r.'s Audit & Risk Committee is the risk profile. This discussion is based on financial and non-financial risk reports, and is aimed at monitoring whether the risk profile is in line with the risk appetite. The Supervisory Board's decision-making is prepared by the ARC. Nevertheless, the Supervisory Board as a whole remains responsible for its decisions, even the ones prepared by a committee. This principle is enshrined in the regulations of both the Supervisory Board and the ARC.

4.3 *The Supervisory Board shall periodically assess, at strategic level, whether the overall business operations are in line with the insurer's risk appetite. The Executive Board shall provide the Supervisory Board with the information needed to perform this assessment in such a manner as to enable the latter to form a considered opinion.*

The Executive Board reports on financial and non-financial risk management on a three-monthly basis. Each year, the Executive Board determines the risk appetite and submits it to the Supervisory Board for approval. This principle is enshrined in the regulations for the Executive Board, the Supervisory Board and the ARC, and forms a regular part of the management cycle.

4.4 *The Executive Board shall ensure that the risk management function is set up in such a way that the Board is informed, in a timely manner, of material risks to the insurer, so that these can be managed. Decisions material to the risk profile, capital allocation or liquidity requirement shall be taken by the Executive Board.*

The Executive Board is provided with a quarterly status update of the management of risk priorities at a.s.r. and with the most important findings of the Financial Risk Committee and the Non-Financial Risk Committee, also on a quarterly basis. The Executive Board is presented with additional reports if between scheduled reporting dates developments take place that require its attention.

By segregating policy-making, policy implementation and compliance monitoring duties, a large measure of independence is achieved in risk management and risk management monitoring. a.s.r. has structured this segregation of duties in accordance with the principle of the three lines of defence. The first line of defence is responsible for identifying and managing risks to the business. The second line of defence is responsible for monitoring risk management and implementing integrated, effective risk management systems for the first line of defence. The third line of defence, formed by Audit, is responsible for an independent assessment of the effectiveness of the risk management system, the internal control structure and the adequacy of governance.

4.5 Each insurer shall have a product approval process in place. The Executive Board shall be responsible for setting up and ensuring the effectiveness of the product approval process. Products going through an insurer's product approval process shall only be marketed or distributed after careful consideration of the risks by the insurer's risk management function and after a careful assessment of other relevant aspects, such as the duty of care towards customers. Internal audit shall, on the basis of an annual risk assessment, conduct an audit to determine whether the design, existence and operation of this process are effective and report their findings to the Executive Board and the risk management or other relevant committee of the Supervisory Board.

a.s.r. has chosen to be a different insurer, the one that, based on its core values of being personal, approachable, individual and authentic, really makes the difference to its customers. To that end, a.s.r. follows the Proposition Approval & Review Process (PARP). This process was approved by the Executive Board and delegates the Executive Board's power of final approval before a product is introduced to the PARP Board.

Every division is responsible for the meticulous completion of the entire process. The PARP Board is chaired by the Marketing Director. People with the knowledge and skills required in a product development process have been given specific responsibility for the various sub-steps.

Treating customers fairly is central to every step of the process, and Risk Management and Compliance have each been given special responsibility. No product can be launched without the approval of these two corporate functions. The process is further subject to an annual audit by the Audit Department, and safeguards have been put in place to ensure that recommendations made by Audit are implemented. The process is also evaluated by the PARP Board.

All new a.s.r. product propositions go through this process, which ensures that they are developed in such a way as to meet the needs of customers and treat customers fairly in a number of different scenarios. An important element is making sure that a proposition is geared to the target group. The duty of care and the duty to inform are also part of the process. A similar, but different process is in place for existing products, which are evaluated on the basis of a risk assessment. Even products no longer being offered are evaluated using today's set of standards. In 2013, 10 new propositions and 17 product adjustments were submitted to the PARP Board for approval. The review of 21 existing products was also submitted to the PARP Board for approval.

5 Audit

5.1 The Executive Board shall ensure that the management of risks connected with the insurer's business is systematically monitored.

The Audit Department assists management in achieving the company's goals by giving a professional, independent opinion of processes of governance, risk management and internal control. The Audit Department evaluates the effectiveness of governance, risk management and internal control processes, and gives practical advice on process optimization. This statement of duties has been set down in the Audit Charter. The Audit Department reports its findings to the Executive Board and, by means of the quarterly management report, to the ARC.

5.2 The insurer shall have its own internal audit function, which shall occupy an independent position. The head of the internal audit function shall report to the chair of the Executive Board and have a reporting line to the chair of the Audit Committee.

The Audit Department has an independent position within a.s.r., as set down in the Audit Charter. The head of the Audit Department reports to the chair of the Executive Board and has a reporting line to the chair of the Audit & Risk Committee.

5.3 The internal audit function shall assess the effectiveness of the design, existence and operation of the internal control structure. This assessment shall include a review of the quality and effectiveness of the insurer's governance, risk management and internal controls. The internal audit function shall report its findings to the Executive Board and the Audit Committee.

The Audit Department provides a professional and independent assessment of the governance, risk management and internal control processes with the aim of aiding management in achieving the company's objectives. The Audit Department evaluates the effectiveness of governance, risk management and internal control processes, and gives practical advice on process optimization. This statement of duties has been set down in the Audit Charter. The Audit Department reports its findings to the Executive Board and, by means of the quarterly management report, to the ARC.

5.4 A periodic exchange of information shall take place between the internal audit function, the independent external auditor and the Supervisory Board's risk management or audit committee. This exchange of information shall also cover the risk assessment and audit plans of the internal audit function and the independent external auditor.

The Audit Department engages in periodic consultations with the independent external auditor, and as a rule it attends the meetings of the ARC. The Audit Department's risk assessment consists of the macro and micro plans, and is performed in close consultation with the independent external auditor. These plans are approved by the ARC.

5.5 As part of the overall audit of the financial statements, the independent external auditor shall report its findings on the quality and effectiveness of the insurer's governance, risk management and internal control processes in its report to the Executive and Supervisory Boards.

The independent external auditor reports its findings in its Board Report to the Executive and Supervisory Boards.

5.6 The internal audit function shall take the initiative to meet with the Dutch Central Bank (DNB) and the independent external auditor at least once a year at an early stage in order to discuss each other's risk assessments, findings and audit plans.

The Audit Department has periodic consultations with DNB to discuss the risk assessment, findings and audit plan. The Audit Department's risk assessment consists of macro and micro plans, and is performed in close consultation with the independent external auditor. The department also takes the initiative to organize a 'tripartite consultation' with DNB and the independent external auditor at least once a year. In 2013, one tripartite consultation was held.

6 Remuneration policy

6.1 Basis

6.1.1 The insurer shall pursue a careful, restrained and sustainable remuneration policy, in line with its strategy, risk appetite, goals and values and taking account of its long-term interests, the relevant international context and public support. The Supervisory and Executive Boards shall adhere to this principle in carrying out their duties in respect of the remuneration policy.

Improving and maintaining the integrity and robustness of a.s.r. is key to the remuneration policy, and the focus is squarely on the long-term interests of all a.s.r.'s stakeholders. The aim of the remuneration policy is to motivate employees to work for the interests of customers and other stakeholders within the parameters of the duty of care. The remuneration policy is based on the following principles:

- The remuneration policy does not restrict a.s.r.'s scope to strengthen its regulatory capital, solvency margin or equity.
- Risk Management: each year, the Risk Management Department examines, and issues an opinion on, the compatibility of a.s.r.'s financial objectives and individual targets of identified employees with a.s.r.'s risk profile.
- Both the assessment and remuneration criteria should comply with the terms laid down in the various national standards[1].
- A transparent policy, the structure and methods of which should be applicable to all layers of management and to employees subject to the collective bargaining agreement.
- Striking a balance between trust in the intrinsic motivation of managers on the one hand and setting clear targets against which managers are assessed and remunerated, on the other.
- Company and individual performance is assessed on the basis of customer satisfaction and financial and risk indicators.
- The level of remuneration is actually below the median for the peer group.
- The total remuneration package should be appealing enough to allow a.s.r. to compete in the relevant segments of the labour market and attract competent people.

The remuneration policy for the Executive Board was adopted by the AGM on 28 May 2010. Since the Regulation on Sound Remuneration Policies 2011 ('RBB') came into force, a.s.r. has tightened its remuneration policy of 28 May 2010 to comply with RBB rules. In June 2012, the AGM approved the award of an individual bonus to all members of the Executive Board with the exception of the chair in connection with the Act on the limitation of liability for DNB and AFM, and the bonus prohibition for state-aided enterprises (see 6.3.1 for further details). In 2013, a.s.r. again tightened its remuneration policy by ending the Supervisory Board's discretionary power to award, in individual cases, a small amount in variable pay even if no profit was posted.

6.2 Governance

6.2.1 *The Supervisory Board shall be responsible for implementing and evaluating the remuneration policy for the Executive Board once it has been adopted. The Supervisory Board shall also approve the senior management remuneration policy and monitor its implementation by the Executive Board. Finally, the Supervisory Board shall approve the principles of the remuneration policy for the insurer's other employees.*
The insurer's remuneration policy includes the policy on the award of retention, exit and joining packages.

The Supervisory Board is responsible for implementing and evaluating the remuneration policy governing the members of the Executive Board, as adopted by the AGM. The Supervisory Board explicitly monitors the implementation of the remuneration policy for higher management within the control functions. The Supervisory Board approves the remuneration policy for senior management and monitors its implementation by the Executive Board. The Supervisory Board also assesses the principles of the remuneration policy for other employees. The Supervisory Board has a Selection, Appointment & Remuneration Committee (SAR Committee) that is formed from among its members. The SAR Committee advises the Supervisory Board on the aforementioned duties and prepares the Board's decisions on these matters.

Human Resources reports, on an annual basis, to the SAR Committee and the Supervisory Board on the highest variable pay, the exit packages granted and the most salient issues regarding pay and benefits. a.s.r. offers no retention or joining packages.

1 Reference is made to the Supervisory Regulation on Sound Remuneration Policies 2011, the Dutch Corporate Governance Code, the Governance Principles for Insurers, but also to the Minimum Wage and Minimum Holiday Allowance Act and to equal treatment rules.

6.2.2 The Supervisory Board shall discuss the highest variable remuneration on an annual basis. The Supervisory Board shall oversee the Executive Board in the performance of its duty to ensure that all variable remuneration offered by the insurer is in line with the remuneration policy adopted by insurer and, particularly, that it satisfies the principles set down in this section. The Supervisory Board shall also discuss any material retention, exit and joining packages and ensures that these comply with the remuneration policy adopted by the insurer and are not excessive.

The Supervisory Board approves the senior management's individual target scores as proposed by the Executive Board, as well as the scores on the financial results and customer satisfaction aspects. Together, these three components determine the scale of the variable remuneration to be awarded. Each year, the Executive Board sets the variable remuneration and checks it against the 'normal distribution'.

The Supervisory Board is responsible for the Executive Board members' annual performance appraisal and assessment. The Supervisory Board is also explicitly responsible for overseeing the assessment and remuneration of the control functions. The Executive Board conducts an annual assessment of the overall performance of all senior managers accountable to them and reports its findings to the Supervisory Board. The Supervisory Board ascertains whether the assessments comply with the adopted remuneration policy.

Human Resources reports on an annual basis to the SAR Committee and the Supervisory Board on the following topics:
- a.s.r.'s stance on pay and benefits
- existing pay and benefits arrangements
- compliance with arrangements and procedures as well as possible exceptions
- the assessment results of the control functions' senior management
- any exit packages that have been awarded
- the most notable issues regarding pay and benefits
- reasons, if any, to amend components of the remuneration schemes.

As indicated, a.s.r. offers no retention or joining packages.

6.3 Executive remuneration

6.3.1 An Executive Board member's remuneration shall be in reasonable proportion to the remuneration policy set by the insurer, and total pay and benefits shall, at the time they are set, be slightly lower than the median of comparable positions in and outside the financial sector, taking account of the relevant international context.

a.s.r.'s remuneration policy starts from the principle that the average level of total pay and benefits should be just below the median of that of the peer group. A comparison with the peer group is made to determine the competitiveness of the Executive Board's total pay and benefits. The peer group comprises Dutch financial institutions and Dutch non-financial, medium-sized companies, both private and public. The SAR Committee periodically assesses whether the composition of the peer group remains adequate or should be revised. At least once every three years, a market comparison (remuneration benchmark) is performed by an external consultancy to check whether the remuneration of the Executive Board needs to be reviewed.

The benchmark was last performed in 2011. The current remuneration of the Executive Board is far below the median of the peer group, which is reinforced by the prohibition of the payment of variable remuneration to Board members according to the Act on the limitation of liability for DNB and AFM, and the bonus prohibition for state-aided enterprises. In order to bring the remuneration level more closely into line with the company's remuneration policy and to compensate for the loss of pay, the Supervisory Board has acted on a proposal by the SAR Committee and decided in 2012 to take the opportunity offered by the Act to award Board members a personal bonus. The Executive Board members, with the exception of the chair, were awarded a personal bonus of, on average, 16%.

6.3.2 *A golden handshake awarded to an Executive Board member shall not exceed the equivalent of one annual salary (the 'fixed pay' component). If a member of the Executive Board leaves office during their first term and it is evident that a golden handshake of up to one annual salary would be unreasonable, this member shall be eligible for a golden handshake of up to two times the annual fixed salary.*

The maximum severance pay for new and incumbent Executive Board members is one year's fixed salary. In the event of a change of control, the employment contracts of incumbent Executive Board members will remain valid for at least one year, during which time they will be available to perform their regular duties. In this context, a change of control means the transfer or acquisition of control over ASR Nederland N.V. or its affiliates.

6.3.3 The long-term component shall be taken into account in awarding variable pay to members of the Executive Board, as should profitability and continuity. A material part of the variable remuneration shall be awarded conditionally and not paid until at least three years later.

Remuneration is an instrument specifically designed to help achieve the strategy, business targets and ambitions a.s.r. has formulated. Annual performance targets are set for individual objectives, financial performance and customer satisfaction in order to create focus on the long-term interests of all stakeholders. In addition, variable pay is structured in line with the provisions of the Third Capital Requirements Directive and its transposal into Dutch law in the form of the RBB. This means that a material share (i.e. 50%) of variable pay is awarded conditionally in the form of cash and non-cash instruments. The conditional variable pay is deferred for three years; a reappraisal is performed at the end of the three-year period, after which the cash part is paid out. The non-cash component is subject to an additional retention period of two years.

Please note that, in accordance with the Act on the limitation of liability for DNB and AFM, and the bonus prohibition for state-aided enterprises, the members of the Executive Board of a.s.r. are not awarded any variable pay as long as a.s.r. falls under the scope of the Act.

6.3.4 Shares awarded to an Executive Board member for no consideration shall always be held for a period of five years or until termination of the employment contract if this is shorter. Options shall not be exercised within the first three years of having been awarded.

a.s.r. does not award shares or options to employees.

6.4 Variable pay

6.4.1 The award of variable pay shall be linked to the insurer's long-term objectives.

The pay of all a.s.r.'s employees has a fixed and a variable component. One-third of the variable component depends on the achievement of individual targets set for a calendar year and two-thirds on the company's performance, as measured by the financial results (1/3) and customer satisfaction (1/3). This excludes employees in so-called control functions (Audit, Risk, Compliance and the Director of Human Resources. To assure the independence of employees in these positions, their variable pay does not depend on commercial results. Their variable pay only depends on the individual results component. At the beginning of each calendar year, employees and their managers agree on individual targets that need to be achieved during that year. These are recorded in an assessment and individual target form. The employee and their manager evaluate the progress made on these targets at least once a year. The targets need to reflect a clear focus on the long-term, sustainable interests of all stakeholders.

The targets to be achieved in terms of financial results and customer appreciation are adopted annually by the Executive Board and the Supervisory Board. These targets are discussed with, and explained to, the Works Council before they are adopted.

6.4.2 Each insurer shall cap the ratio between fixed and variable pay at a level suitable to their business. The variable pay of an Executive Board member shall not exceed 100% of their fixed income.

The variable annual pay of Executive Board members does not exceed 80% of their fixed income. In accordance with the Act on the limitation of liability for DNB and AFM and the bonus prohibition for state-aided enterprises, the members of the Executive Board of a.s.r. are not awarded any variable pay as long as a.s.r. falls under the scope of the Act. Other a.s.r. employees also have their variable pay capped: senior management at 60%, higher management at 40% and sales and back-office staff at 18%.

6.4.3 Variable pay shall be based on the performance of the individual, their division and the insurer as a whole, and be measured using performance criteria that are assessable and set in advance. In addition to financial criteria, non-financial performance criteria shall also play an important role in an individual's assessment. Performance criteria for the insurer's remuneration policy shall be formulated as objectively as possible.

Variable pay is set each year on the basis of the scores on three components: individual performance, financial performance and customer satisfaction (with the exception of control functions as mentioned in 6.4.1). This means that 40% to 60% of variable pay depends on non-financial criteria. The performance criteria provide no incentives for irresponsible risk-taking.

The procedure for setting, evaluating and reviewing the targets for the variable pay of sales and back-office staff is contained in the a.s.r. collective bargaining agreement, the job grading and salary structure for sales and back-office staff under the collective bargaining agreement, the assessment procedure and a manual. The procedures for higher and senior management and the Executive Board have been elaborated in the remuneration policy document.

6.4.4 When assessing performance on the basis of the agreed criteria, the financial performance shall be adjusted to allow for actual and estimated risks and costs of capital.

The scores on the agreed performance criteria for variable pay are adjusted to allow for risks and costs. In setting the performance scores, the Supervisory Board is advised by the SAR Committee, which receives input and advice from Risk Management, Compliance, Audit and Human Resources. The Supervisory Board sets the scores. The procedure for target-setting and risk management (ex ante and ex post) is formalized in the remuneration policy document.

6.4.5 In exceptional circumstances, e.g. if application of the agreed criteria would result in a member of the Executive Board unjustly being awarded variable pay, the Supervisory Board shall have the discretionary power to adjust the variable pay if it is of the opinion that not doing so would have unjust or unintended consequences.

The members of the Executive Board are assessed on pre-agreed targets. These targets and general performance are assessed by the Supervisory Board on an annual basis. So long as variable pay components have not been awarded unconditionally, and if unadjusted variable pay would be unfair and unreasonable, the Supervisory Board has the power to adjust the amount of the variable pay to a suitable level.

6.4.6 The Supervisory Board shall be entitled to claim repayment of variable pay awarded to an Executive Board member on the basis of incorrect financial or other data from that member.

The company has the power to reclaim all or part of any variable pay awarded on the basis of incorrect information about the achievement of targets or the occurrence of circumstances that were a precondition for the variable pay to be awarded. Such proceedings may also be instituted by the Supervisory Board on behalf of a.s.r. Compliance will indicate whether there are grounds for invoking the claw-back clause, which is a part of the remuneration and conditions of employment policies for senior management and the Executive Board and is referred to in the assessment letter.

7 Compliance

The insurer shall have a procedure in place for assuring timely identification and implementation of new rules and regulations and review this procedure on an annual basis. The following corporate functions should be involved in the procedure as a minimum: the Executive Board, the internal supervisor, risk management, compliance, internal audit and the actuarial function.

Based on their own professional expertise, the functions involved (Audit, Risk Management, Compliance, Legal, Finance, Human Resources, Actuarial and Accounting, Reporting & Control) identify applicable rules and regulations relevant to a.s.r. Such information is obtained from newsletters, the Internet and other media, memberships of industry and trade associations, such as the Dutch Association of Insurers, the Dutch Banking Association, the Dutch Fund and Asset Management Association, and from expert external service providers such as law firms. The set of duties (or Charter) of each of these functions includes the duty to inform stakeholders within a.s.r. of new rules and regulations in a timely manner, to give advice where needed and to monitor implementation (Compliance). Secondly, periodic communications about proposed and current rules and regulations are distributed throughout a.s.r. Finally, Compliance publishes a biannual list for the benefit of senior management and the Executive and Supervisory Boards detailing all the existing and new rules and regulations pertaining to supervision relevant to a.s.r.

7.8 Glossary

Amortized cost
The amount at which the financial asset or the financial liability is measured at initial recognition minus principal repayments, plus or minus the accumulated amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

Associate
An entity over which a.s.r. has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Basis point (BP)
One-hundredth of one percent (0.01%).

Cash flow hedge
A hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

Claims ratio
The cost of claims, net of reinsurance in non-life, excluding the internal costs of handling non-life claims, less interest accrual on reserves, and margin of prudence for health, expressed as a percentage of net earned premiums.

Clean fair value
The fair value of an asset or liability (see below), exclusive of the unrealized part of accrued interest.

Combined ratio
The sum of the claims, commission and expense ratios.

Commission ratio
Net commissions charged for the year, expressed as a percentage of net earned premiums.

Core capital
Equity capital and disclosed reserves available at group level, based on the definition of the Tier 1 ratio (core equity capital expressed as a percentage of total risk-weighted assets).

Deferred acquisition costs
Deferral of costs of acquiring new and renewal customers, mainly involving commissions and expenditure relating to underwriting, intermediaries and the issue of new contracts, over the duration of the insurance contract. These costs vary and relate mainly to acquiring new customers.

Derivative
A financial instrument with all three of the following characteristics:
(a) its value changes in response to the change in a specified interest-rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying');
(b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
(c) it is settled at a future date.

Discounted cash flow method
A valuation technique whereby expected future cash flows are discounted at a rate that expresses the time value of money and a risk premium that reflects the extra return that investors demand in order to be compensated for the risk that the cash flows might not materialize.

Discretionary Participation Feature (DPF)
A contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are likely to be a significant portion of the total contractual benefits, whose amount or timing is contractually at the discretion of the issuer, that are contractually based on the performance of a specified pool of contracts or type of contract, realized and/or unrealized investment returns on a specified pool of assets held by the issuer, or the profit or loss of the company, fund or other entity that issues the contract.

Embedded derivative
A component of a hybrid instrument that also includes a non-derivative host. The host contract may be a bond or share, a lease, an insurance contract or a contract of purchase and sale.

Embedded value
The present value of future profits plus adjusted net asset value.

Employee benefits
All forms of consideration given by an entity in exchange for service rendered by employees.

Expense ratio
Expenses, including internal costs of handling non-life claims, less internal investment expenses and less restructuring provision expenses, expressed as a percentage of net earned premiums.

Fair value
The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing partners in an arm’s length transaction.

Fair value hedge
A hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, on an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

Finance lease
A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Goodwill
An asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized.

Gross premiums written
Total revenues (earned or otherwise) expected to be received for insurance contracts over the life of the contract, including reinsurance premiums.

Hedge accounting
Hedge accounting recognizes the offsetting on profit or loss of changes in the fair value of the hedging instrument and the hedged item.

IFRS
Acronym of International Financial Reporting Standards (previously International Accounting Standards, IAS). As of 1 January 2005, these Standards have been the generally accepted international accounting policies that apply to all listed companies in the European Union. They make annual results easier to compare and offer a better understanding of a company’s financial position and performance.

Impairment
The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The asset’s carrying amount is reduced to its fair value and recognized in profit and loss.

Insurance contracts
A contract under which one party (a.s.r.) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

Intangible asset
An identifiable, non-monetary asset without physical substance.

Investment contract
A life insurance contract that transfers financial risk with no significant insurance risk.

Investment property
Property held to earn rentals or for capital appreciation or both.

Joint venture
A contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Market capitalization
Market capitalization is a measurement of size of an enterprise equal to the share price times the number of outstanding shares.

Non-participating life insurance contracts
In non-participating life insurance contracts all values related to the policy (death benefits, cash surrender values, premiums) are usually determined at policy issue, for the life of the contract, and usually cannot be altered after issue.

Notional amount
An amount of currency, a number of shares, a number of units of weight or volume or other units specified in a derivatives contract.

Operating lease
A lease that does not transfer substantially all the risk and rewards incidental to ownership of an asset.

Option
A financial instrument that conveys the right to buy (call option) or sell (put option) a security at a reference price during a specified time frame.

Private equity
An asset class consisting of equity securities of companies that are not publicly traded on a stock exchange. Transfer of private equity is strictly regulated. In the absence of a marketplace, any investor looking to sell their stake in a private company personally has to find a buyer.

Provision
A liability of uncertain timing or amount. Provisions are recognized as liabilities if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations (assuming that a reliable estimate can be made).

Recoverable amount
The recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Securities lending
This refers to the lending of securities by one party to another, which agrees to deliver back the securities on a specified future date. The borrower usually provides the lender with collateral. Securities lending allows the owner of the securities to generate extra income.

Shadow accounting
Shadow accounting allows a recognized but unrealized gain or loss on an asset to be transferred to insurance liabilities.

Subordinated debt
Loans (or securities) that rank after other debts should the company fall into receivership or be closed.

Subsidiary
An entity that is controlled by ASR Nederland N.V. (the parent).

Test margin
The test margin for the regulatory solvency available is the excess of the liability arising from the insurance contract and the outcome of the DNB liability adequacy test (DNB LAT).'

Transaction date
The date at which a.s.r. enters into the contractual terms of an instrument.

Value in use
Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value Of Business Acquired (VOBA)
The present value of future profits embedded in acquired insurance contracts. VOBA is recognized as an intangible asset and amortized over the effective life of the acquired contracts.

7.9 GRI index table

The Annual Report is based on the G3.1 guidelines for sustainability reporting of the Global Reporting Initiative (GRI). The GRI uses application levels to indicate the extent to which its reporting principles and guidelines have been applied. a.s.r.'s sustainability report is governed by level C of the G3.1 guidelines. The GRI index table outlined below indicates where in the Annual Report the reader can find GRI disclosures.

Strategy and Analysis

1.1	Statement from the CEO of the organization.	Part I (a.s.r. at a glance), Section 1.2 (Message from the CEO).	10
1.2	Description of key impacts, risks, and opportunities.	Part II (Report of the Executive Board), Section 2.3 (Risk management).	42

Organizational Profile

2.1	Name of the organization.	ASR Nederland N.V	-
2.2	Primary brands, products, and/or services.	Part I (a.s.r. at a glance), Section 1.1 (Profile and key figures) Part I (a.s.r. at a glance), Section 1.5 (Brand policy and distribution model)	6 16
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Part VI (Financial statements), Section 5.1 (Group structure and segment information).	145
2.4	Location of organization's headquarters.	Part I (a.s.r. at a glance), Section 1.1 (Profile and key figures).	6
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	All ASR Nederland N.V. labels are operated exclusively in the Netherlands, except for a number of funeral portfolios in Germany and Belgium.	8
2.6	Nature of ownership and legal form.	Part V (Report of the Supervisory Board), Section 5.1.4 (Corporate governance).	74
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Part II (Report of the Executive Board), Section 2.1 (Financial performance).	20
2.8	Scale of the reporting organization.	Part I (a.s.r. at a glance), Section 1.1 (Profile and key figures).	6
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Part V (Report of the Supervisory Board), Section 5.1.4 (Corporate governance).	74
2.10	Awards received in the reporting period.	Part I (a.s.r. at a glance), Section 1.3 (Highlights of 2013).	12

Report Parameters

3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	1 January 2013 to 31 December 2013.	3
3.2	Date of most recent previous report.	28 March 2012.	-
3.3	Reporting cycle (annual, biennial, etc.).	Annual.	-
3.4	Contact point for questions regarding the report or its contents.	Contact details.	242
3.5	Process for defining report content.	Introduction.	3
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	The provided quantitative and qualitative information concerns a.s.r. as a whole, except where explicitly stated that information applies to one specific business unit or a division of the organization.	3
3.7	State any specific limitations on the scope or boundary of the report.	ASR Nederland N.V. reports on its core business.	-
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	All reported figures are comparable to those reported last year. The comparative figures have been restated to reflect any changes in accounting policies. Part II (Report of the Executive Board), Section 2.1 (Financial performance).	20
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other informative in the report.	Part VI (Financial statements), Section 2 (Accounting policies).	91
3.10	Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Part VI (Financial statements), Section 2 (Accounting policies).	91
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Part VI (Financial statements), Section 2 (Accounting policies).	91

Governance, Commitments, and Engagement

4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Part V (Report of the Supervisory Board), Section 5.1.3 (Management and supervision).	69
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Part V (Report of the Supervisory Board), Section 5.1.3 (Management and supervision).	69
4.3	State the number and gender of members of the highest governance body that are independent and/or non-executive members.	https://www.asr.nl/EN/about-asr	-
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	https://www.asr.nl/EN/about-asr	-
4.14	List of stakeholder groups engaged by the organization.	GRI Appendix I	238
4.15	Basis for identification and selection of stakeholders with whom to engage.	a.s.r. considers relevant stakeholders those that can exert influence on its operations and groups on which a.s.r. can exert influence. See GRI Appendix I.	238

Code	Aspect	Disclosure	Page
Economic			
EC1	Direct economic value.	Part II (Report of the Executive Board), Section 2.1.1 (ASR Nederland N.V.) and Part VI (Notes to the consolidated financial statements ff.).	20
EC4	Significant financial assistance received from government.	Part V (Report of the Supervisory Board), Section 5.1.4 (Corporate governance).	74

Labour practices

Code	Aspect	Disclosure	Page
LA1	Total workforce by employment type, employment contract, and region broken down by gender.	Part II (Report of the Executive Board), Section 2.1.1 (ASR Nederland N.V.) GRI Appendix II	20 240
LA2	Total number and rate of employee hires and employee turnover by age group, gender.	GRI Appendix III	240

Code	Aspect	Disclosure	Page
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees.	Only the selection system has an option that is not available to part-time employees: back-office employees working fewer than 1,976 hours per year cannot work 52 or 104 hours more or less on an annual basis. Employees on a one-year contract do not qualify for parental leave.	-
LA4	Percentage of employees covered by collective bargaining agreements.	92.7% come under the collective bargaining agreement for back-office employees; 4.1% come under the collective bargaining agreement for front-office employees; 3.2% do not come under a collective bargaining agreement (HM, SM and Executive Board).	-
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	Representation is provided for in the Safety, Health, Welfare and Environment Committee of the Works Council, of which seven members represent the Works Council and two represent Human Resources, as well as in the occupational health and safety advisory groups in Utrecht/Amersfoort, and at Europeesche and Ardanta (12 employees). This brings the total number of employees on joint management-worker health committees to 21. As a result, the interests of everyone working at a.s.r. are being looked after.	-
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities.	The absenteeism rate for 2013 was 3.75%. The absenteeism frequency was 1.2. The in-house emergency services responded to 19 incidents. Our occupational health and safety board reported 22 occupational diseases. There were no work-related fatalities.	-
LA9	Health and safety topics covered in formal agreements with trade unions.	These agreements are outlined in the occupational health and safety catalogue for the insurance sector (www.gezondverbond.nl, Dutch only) and obligations resulting from collective bargaining provisions for the insurance sector (Section 7, Occupational health and safety) form the parameters for the occupational health and safety policy.	-

Code	Aspect	Disclosure	Page
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	The workshop Sustainable Employability comes under this heading (Part III (Corporate Social Responsibility), section entitled Sustainable employer). In addition, the Career Centre encourages employability and internal mobility by organizing career orientation workshops, career programmes and other initiatives.	49
LA12	Percentage of employees receiving regular performance and career development reviews.	100%: all employees are educated about performance and career development during target-setting, progress and performance appraisal meetings with their managers.	-
LA15	Percentage of employees returning after maternity or parental leave.	In 2013, 100% of women returned to work after their maternity leave. 2.62% of employees left the organization at their own initiative after having taken parental leave.	-

Environment

EN3	Direct energy consumption by primary energy source.	Part III (Corporate Social Responsibility), section entitled Sustainable focus on the environment.	54
EN5	Energy saved due to conservation and efficiency improvements.	Part III (Corporate Social Responsibility), section entitled Sustainable focus on the environment.	54
EN8	Total water withdrawal.	Part III (Corporate Social Responsibility), section entitled Sustainable focus on the environment.	54
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Surface area of land (owned or managed by a.s.r.) in, or adjacent to, protected areas: 4,673 hectares. Areas of high biodiversity value: 1,731 hectares.	-
EN22	Total weight of waste by type and disposal method.	Part III (Corporate Social Responsibility), section entitled Sustainable focus on the environment.	54
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	No significant fines or sanctions were imposed in 2013 for non-compliance with environmental laws and regulations.	-

Code	Aspect	Disclosure	Page
Society			
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	No legal proceedings	-
Product portfolio			
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	Part III (Corporate Social responsibility), section entitled Sustainable investment.	51
Audit			
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	Part III (Corporate Social responsibility), section entitled Sustainable investment.	51
Active ownership			
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	Part III (Corporate Social responsibility), section entitled Sustainable investment.	51
FS11	Percentage of assets subject to positive and negative environmental or social screening.	Part III (Corporate Social responsibility), section entitled Sustainable investment.	51
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.	Part III (Corporate Social responsibility), section entitled Sustainable investment.	51

GRI Appendix I

4.15 Stakeholder dialogue

Customers

a.s.r. engaged in dialogue with its customers in 2013 through customer panels and customer arenas. a.s.r. uses the information gained from these initiatives to improve its information provision to customers.

Description of issue	Label	Product line	Type of insurance	Type of document
Group quote: both [TP] and [WG]; three worked alternatives ready to go	De Amersfoortse	Income protection	Absenteeism/occupational disability	Quote
Quote for Employee Pension (new pension proposition)	De Amersfoortse	Pensions	Pension	Quote
Initial letter for Employee Pension (new pension proposition)	De Amersfoortse	Pensions	Pension	Letter
Quote for group occupational disability insurance	De Amersfoortse	Income protection	Group occupational disability insurance	Quote
a.s.r. Banking: online savings account – email + attachment/letter 1	a.s.r. Bank	Banking	Online savings account	Email
a.s.r. Banking: online savings account – email + attachment/letter 2	a.s.r. Bank	Banking	Online savings account	Email
a.s.r. Banking: online savings account – email + attachment/letter 3	a.s.r. Bank	Banking	Online savings account	Email
Letter and brochure introducing new mixed fund: Letter A – negative option	a.s.r.	Life	Unit-linked insurance	Letter
Letter and brochure introducing new mixed fund: Letter B – no mixed fund	a.s.r.	Life	Unit-linked insurance	Letter
Brochure introducing group occupational disability insurance (employers)	De Amersfoortse	Income protection	Absenteeism/occupational disability	Quote
Amended quote a.s.r. Vermogenbelegd	a.s.r.	Life	Vermogenbelegd	Quote
Policy conditions of a.s.r. construction and engineering insurance	a.s.r.	Non-Life	Construction and engineering insurance	Policy conditions
Savings account: Lijfrenteuitkeerrekening (annuity account)	a.s.r. Bank	Life	Banking	Brochure

Shareholder

There were six formal meetings with NLFI, a.s.r.'s shareholder, in 2013. Where needed, contacts were maintained between meetings as well.

Politics

a.s.r. stayed in close contact with politicians in 2013. We welcomed Minister Schippers of Health, Welfare and Sports on a working visit to the a.s.r. occupational disability and health insurance business. Both Jos Baeten and Roel Wijmenga met with financial experts of the different parties represented in the Dutch House of Representatives. In 2013, a.s.r. also organized a round-table meeting with representatives of the youth chapters of political parties PvdA (social-democrats), VVD (liberals) and D66 (liberal-democrats) to talk about the future of the pension system with Michel Verwoest, who is the Executive Board member in charge of the Pension business. In addition, there were regular meetings with cabinet ministers and MPs of different political parties.

Trade unions

a.s.r. met with the trade unions five times in 2013, on 16 January, 23 January, 7 March, 14 November and 28 November .

a.s.r. media attention 2013

a.s.r. was mentioned in 3,173 media messages in total in 2013. Breakdown of media messages:
- 70% posted online;
- 20% published in newspapers;
- 10% published in magazines.

There were 365 press contacts in total, including questions from the press, interviews with colleagues, press releases and photography sessions, etc.

Contacts were maintained with 86 different media, of which the top 5 account for 40%. The top 5 are:
- AD (11%);
- AM (10%);
- FD (7%);
- Dutch Consumer Association (6%);
- Telegraaf (5%).

Of the questions, 44% were about three topics:
- Real estate (22%);
- Non-life insurance (11%);
- Marketing (11%).

The tone of the articles was:
- positive (28%);
- negative (5%);
- neutral (67%).

The media were predominantly positive about the renovation of our main office (15%) and Olli (13%); they were negative about unit-linked policies (30%).

Intermediaries

Meetings and workshops were organized for intermediaries. Issues addressed during these meetings included the pension proposition, occupational disability insurance, Inkomen Nu (income security), the Voordeelpakket (non-life insurance package), sports and health, and the Dutch Sickness Absence and Occupational Disability among Sickness Benefit Claimants (Restrictions) Act. In total, these meetings were frequented by nearly 2,000 delegates.

GRI Appendix II

LA1 Total workforce by employment type and employment contract

	Female	Male	Total
Part-time employees	872	327	1,199
Full-time employees	571	2,103	2,674
TOTAL	**1,443**	**2,430**	**3,873**

	Female	Male	Total
Contracts of definite duration	91	114	205
Contracts of indefinite duration	1,352	2,316	3,668
TOTAL	**1,443**	**2,430**	**3,873**

GRI Appendix III

LA2 Total number and rate of employee hires and employee turnover by age group and gender

Age group	Female	Male	Total Number	Average Female	Average Male	Average Service
16-20	1	-	1	1,0	-	1,0
21-25	6	4	10	0,8	0,5	0,7
26-30	30	25	55	3,8	3,2	3,5
31-35	45	30	75	7,4	4,9	6,4
36-40	58	35	93	10,4	6,5	9,0
41-45	48	59	107	16,0	11,7	13,6
46-50	31	45	76	16,0	15,2	15,5

7.10 List of acronyms

ALM	Asset Liability Management
CCR	Counterparty Credit rating (Standards and Poor's)
CDO	Collateralized debt obligation
CDS	Credit default swap
CRSA	Control Risk Self Assessment
CoC	Cost of Capital)
COSO	The Committee of Sponsoring Organizations of the Treadway Commission
CSA	Credit Support Annex
DAC	Deferred acquisition costs
DBO	Defined Benefit Obligation
DNB	The Dutch Central Bank *(De Nederlandsche Bank)*
DNB LAT	Dutch DNB (regulatory) liability adequacy test *(Toereikendheidstoets)*
DPF	Discretionary Participation Features
ECAP	Economic Capital
Eonia	Euro Over Night Index Average
ERM	Enterprise Risk Management
EUR	Euro
Euribor	Euro Interbank Offered Rate
FIRM	Financial Institutions Risk Analysis Method
FTE	Full-time equivalent
IAS	International Accounting Standards
IBNR	Incurred But Not Reported
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IFSR	Insurer Financial Strength rating (Standards and Poor's)
ISDA	International Swaps and Derivatives Association
LAT	Liability Adequacy Test
LTGA	Long Term Guarantee Assessment
OIS	Overnight Index Swap
ORSA	Own Risk and Solvency Assessment
OTC	Over The Counter
QIS	Quantitative Impact Studies (Solvency II)
RICS	Royal Institution of Chartered Surveyors
SCR	Solvency Capital. Requirement
TVOG	Time Value of Financial Options and Guarantees
UFR	Ultimate Forward rate
USD	United State Dollar
VOBA	Value of Business Acquired
VPL	Early retirement and life cycle 'VUT (Vervroegd UitTreden), Prepensioen en Levensloop'
WFT	The Dutch Act on Financial Supervision which regulates the supervision of financial institutions in the Netherlands (Wet op het financieel toezicht)

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The a.s.r. Annual Report 2013 is published in the English language only. a.s.r. also only publishes the annual report digitally. This reduces the a.s.r. paper consumption, which is one of our sustainability goals. The report can be downloaded as a pdf.

We welcome feedback or questions on our report. You can contact us as follows:

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