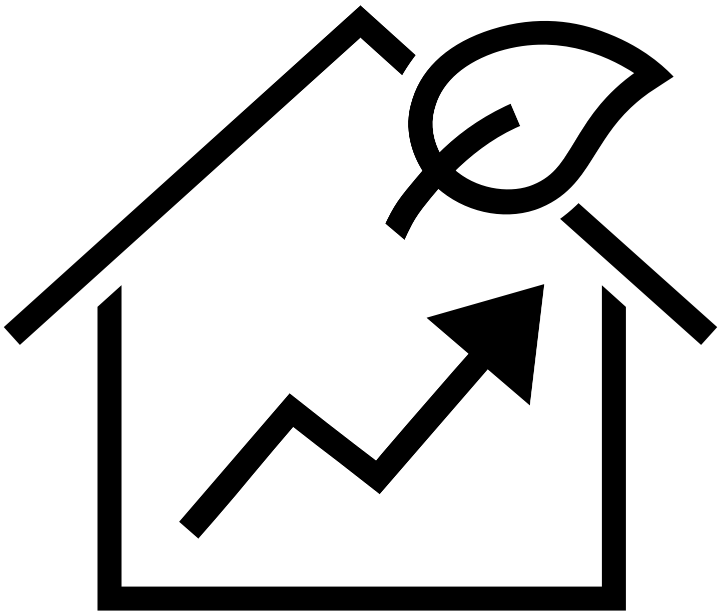
a.s.r.
de nederlandse
verzekerings
maatschappij
voor alle
verzekeringen



ASR Mortgage Fund Annual Report 2022

General information ASR Mortgage Fund

Supervisory Board

Mr. B. Vliegenthart (chairman)
Mr. R.M.W.J. Beetsma
Mr. O.J. Labe

Office address of the Manager
ASR Vermogensbeheer N.V.
Archimedeslaan 10
3584 BA Utrecht

Board of the Manager
Mr. J.Th.M. Julicher
Mr. M.R. Lavooi
Mrs. W.M. Schouten
Mr. P. Klijnsmit

Website: www.asrvermogensbeheer.nl
Commercial Register of the Chamber of Commerce in Utrecht, number 30227237

Legal owner of the investments

Stichting Juridisch Eigenaar ASR Hypotheekfonds
Archimedeslaan 10
3584 BA Utrecht

Depositary

BNP Paribas S.A., Netherlands branch
Herengracht 595
1017 CE Amsterdam

External Auditor

KPMG Accountants N.V.
Papendorpseweg 83
3528 BJ Utrecht

Legal Advisor of the Manager

NautaDutilh N.V.
Beethovenstraat 400
1082 PR Amsterdam

Date of incorporation

17 March 2017

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Management board report

General

ASR Vermogensbeheer N.V. (hereinafter referred to as 'a.s.r. vermogensbeheer' or 'the Manager') is the AIF (Alternative Investment Fund) manager of ASR Mortgage Fund (the 'Fund'). a.s.r. vermogensbeheer has its registered office in Utrecht and is listed in the Commercial Register of the Chamber of Commerce in Utrecht under number 30227237. a.s.r. vermogensbeheer is wholly owned by ASR Nederland N.V. (hereinafter referred to as 'a.s.r.' or 'ASR Nederland'). a.s.r. vermogensbeheer does not employ any staff members. All activities are carried out by employees of ASR Nederland.

Management of investment institutions (collective asset management) – AIFM license
a.s.r. vermogensbeheer holds a license as manager of alternative investment institutions as referred to in Section 2:65 (1) (a) of the Financial Supervision Act (Wet op het financieel toezicht, "Wft"). This relates to the license under the AIFMD (Alternative Investment Fund Managers Directive). Pursuant to Section 1: 102, paragraph 2, of the Wft, the scope of the license is limited to the offering of participations in:

- investment institutions that invest in financial instruments; and
- investment institutions that invest in mortgage claims;
- investment institutions that invest in private loans (non-tradeable bonds or other non-tradeable debt instruments).

Under this license, a.s.r. vermogensbeheer acts as the manager of amongst other the following alternative investment institutions: ASR Duurzaam Amerikaanse Aandelen Fonds, ASR Vooruit Mixfondsen, ASR ESG IndexPlus Institutionele Fondsen, ASR ESG IndexPlus Fondsen, ASR Mortgage Fund, ASR Separate Account Mortgage Fund, ASR Private Debt Fund I, ASR Renewable Infrastructure Debt Fund, ASR Kapitaalmarkt Fonds, ASR Duurzaam Institutioneel Vermogensbeheer Beleggingsfondsen, Loyalis Global Funds, First Liability Matching N.V. and the Luxembourg alternative investment fund ASR Fonds SICAV ('Société d'investissement à Capital Variable').

The license of a.s.r. vermogensbeheer has been extended with a license to manage or offer money market funds (MMFs), on the basis of Article 4 of the Money Market Fund Regulation (MMFR).

a.s.r. vermogensbeheer also acts as the manager of a number of investment funds which are not subject to a license obligation. Pursuant to Section 1:13a (1) (g) of the Wft, the management of these investment vehicles is exempt from the obligations set out in the Wft and derived regulations, and the management is therefore not subject to supervision by the Dutch Authority for the Financial Markets (AFM). These are investment funds in which group companies of ASR Nederland N.V. invests, such as ASR Pensioen Mixfondsen, ASR Pensioen Staatsobligatiefonds 15+ Jaar, ASR Pensioen Staatsobligatiefonds 10-15 Jaar, ASR Pensioen Staatsobligatiefonds 20+ Jaar, ASR Beleggingsmixfondsen, ASR Beleggingspools, ASR Basisfondsen, ASR Paraplufonds, ASR Duurzaam Wereldwijd Aandelen Fonds and ASR Duurzaam Azië Aandelen Fonds.

Providing investment services (amongst other individual asset management)
Pursuant to Section 2:67a(2), paragraphs (a), (b) and (d), of the Financial Supervision Act (Wft), a.s.r. vermogensbeheer is also permitted to offer the following investment services to both professional and non-professional investors:
(a) Managing individual assets;
(b) Providing investment advice on financial instruments;
(d) Receiving and forwarding orders with regard to financial instruments.

These services are regulated in the Wft and the MiFID II (Markets In Financial Instruments Directive). On this basis, a.s.r. vermogensbeheer acts as an individual asset manager on behalf of the group companies of ASR Nederland N.V., such as entities subject to supervision (OTSOs) and for third parties with external mandates.

Profile

Structure

ASR Mortgage Fund (the 'Fund') is a mutual fund consisting of two Subfunds, each with their own risk profile:

- The Subfund with a Dutch National Mortgage Guarantee (NHG Subfund). This Subfund only includes mortgage loans with a national mortgage guarantee (lower risk profile);
- The Subfund without a Dutch National Mortgage Guarantee (non-NHG Subfund). This Subfund only includes mortgage loans without a national mortgage guarantee (higher risk profile).

The Fund is classified as an Alternative Investment Fund (AIF) and was established on 17 March 2017. The first participations were issued on 21 March 2017. The official name of the Fund as stated in the fund documentation is ASR Mortgage Fund. The name 'ASR Hypotheekfonds' is used in the Dutch version of the documents.

ASR Mortgage Fund is a financial product that promotes environmental and social characteristics but does not have sustainable investments as its objective. As such, it is classified as an Article 8 product under the Sustainable Finance Disclosure Regulation (SFDR). The periodic disclosure as referred to in Article 8(1, 2 and 2a) of Regulation (EU) 2019/2088 and Article 6 (paragraph 1) of Regulation (EU) 2020/852, is included in the Appendix.

Investment philosophy of the Fund

The Fund offers investors the opportunity to invest in private residential mortgages in the Netherlands. The aim of the Fund is to generate a stable and direct income stream for the participants in the long term. The Subfunds do not use benchmarks.

The Fund invests in mortgage loans recently issued in the Netherlands by ASR Levensverzekering N.V. The Fund acquires mortgages by subscribing to a cross-section of the new mortgage production. Residential homes in the Netherlands serve as collateral for the loans. All loans acquired are subject to the Fund's strict selection criteria. The main selection criteria are: right of first mortgage, a fixed-rate period longer than five years, a Loan-to-Value (LTV) ratio of maximum 100% (106% in case of financing of energy saving measures), no savings-based mortgages and limits on the share of interest-only mortgages in the portfolio.

Manager and Legal Owner

The Fund has a Manager and a Legal Owner. The Manager of the Fund is a.s.r. vermogensbeheer. a.s.r. vermogensbeheer holds a license issued by the Dutch Authority for the Financial Markets ('AFM') as referred to in Section 2:65 and 2:67a, paragraph 2(a), (b) and (d) of the Financial Supervision Act (Wet op het financieel toezicht).

The Legal Owner of the Fund is Stichting Juridisch Eigenaar ASR Hypotheekfonds. The Legal Owner was established on 30 June 2016. The Legal Owner has its registered office in Utrecht and is registered in the Commercial Register of the Chamber of Commerce under number 66366305.

The relationship between the Manager and the Legal Owner is set out in an agreement ('Agreement of Management and Custody'). This agreement governs the appointment of the Manager and determines the conditions under which the Manager is charged with the management of the Fund's assets.

Depositary

BNP Paribas S.A., Netherlands branch has been appointed Depositary of ASR Mortgage Fund. The Depositary is an entity subject to regulatory supervision whose legal responsibilities include monitoring cash flows, complying with investment policy and verifying the ownership of the financial assets within the Fund.

Alternative Investment Fund Managers Directive (AIFMD)

a.s.r. vermogensbeheer holds an AIFMD license and meets the requirements applicable to an AIFM, a more detailed description of which can be found in the report of the Manager. These requirements include the appointment of an independent depositary and having a risk management policy, a conflict of interest policy, an outsourcing policy, a remuneration policy (see also www.asr.nl) and a fund assets valuation policy. The requirements also relate to the annual reporting and capital requirements for the Manager and the Depositary.

Supervisory Board
The Supervisory Board is responsible for supervising the Manager's policy and performance of tasks and the general state of affairs within the Fund. The Supervisory Board is also charged with supervising compliance by the Manager with the Fund Governance Code and advises the Manager. The Supervisory Board's tasks and activities are set out in the Supervisory Board regulations. In fulfilling their duties, the members of the Supervisory Board will focus on the interest of the Fund and the collective interests of all participants in the Fund.

Meetings of participants
A Meeting of Participants is held at least once a year, subject to the relevant provisions of the Information Memorandum.

During 2022, two Meetings of Participants were held. These meetings included amongst others the adoption of the 2021 annual report, the intended long-term partnership with Aegon Asset Management, developments in the field of ESG and the outlook for 2023.

Distribution of interest income
Interest income of the previous month is distributed to the Participants each month. Participants can choose to either have the income paid in cash or to reinvest the income in exchange for participations. Participations in a particular Subfund will receive an equal share of the monthly interest income of the preceding month per participation.
The Manager will determine the final distribution upon the adoption of the annual report by the Meeting of Participants. The final distribution will be compared with the cumulative monthly distributions over the last year. If the annual income is higher than the monthly distributions, the remainder will be paid out. If the annual income is lower than the monthly distributions, the Participants must repay the amount overpaid.

Costs and fees
The Fund does not charge any costs for the issue and redemption of Participations.

Compensation in the event of an incorrectly calculated Net Asset Value
If the Net Asset Value of the Fund has been incorrectly calculated and the difference from the correct Net Asset Value is at least 1%, the Manager will compensate the current Participants in the Fund for any adverse effects. This compensation will only take place if the Manager identifies the incorrect calculation within thirty days after the date on which the Net Asset Value was incorrectly calculated. No such compensation took place in 2022.

Transactions with related parties
Where transactions are conducted with parties related to ASR Nederland, they will take place on the basis of conditions in line with the market. Where such transactions take place outside a regulated market, they will be carried out on an arm's length basis. If the transaction with a related party involves the issue and/or purchase of participation rights in the Fund, the consideration will be calculated in the same way as for any other participant. In that case, an independent value assessment will not take place. The Fund is allocated mortgages produced by ASR Levensverzekering N.V. on a monthly basis according to an objective allocation method.

Available documentation
The Manager's articles of association and the Depositary's articles of association are available for inspection at the offices of the Manager. A copy of the license and of the articles of association can be obtained free of charge. Up-to-date information about the Subfunds, as well as the Information Memorandum, the (semi-)annual report can be obtained from the Manager free of charge upon written request. This information will also be published on the Manager's website www.asrvermogensbeheer.nl.

Complaints
Complaints may be submitted to the Manager in writing at the following address.

ASR Vermogensbeheer N.V.
Archimedeslaan 10
3584 BA Utrecht
The Netherlands

Specific enquiries regarding the mortgage fund can also be sent to asrmortgagefund@asr.nl.
The Manager is registered with the Netherlands Financial Services Complaints Tribunal (KiFiD).

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Report of the Manager

Key figures
In 2022, ASR Mortgage Fund Net Assets decreased by €296 million to €7,773 million. This decrease is almost completely attributable to the NHG Subfund, while the Net Assets of the non-NHG Subfund remained stable. Further information on the Net Assets and return can be found in the Subfunds section.

Developments affecting the Fund during the reporting period

Long-term partnership with Aegon Asset Management
At the end of October 2022, ASR Nederland and Aegon N.V. (hereinafter 'Aegon') announced that a.s.r. would take over Aegon's Dutch operations. This transaction will be completed by 1 July 2023 at the earliest and is subject to the approval of the central bank of the Netherlands (DNB), among others. The agreements made between the two parties include a long-term agreement between a.s.r. vermogensbeheer and Aegon Asset Management (hereinafter 'Aegon AM') to the effect that, among other things, the investment portfolios relating to the Dutch operations will come under the management of a.s.r. vermogensbeheer, while the management of the ASR (Separate Account) Mortgage Fund, ASR Private Debt Fund I and ASR Renewable Infrastructure Debt Fund will in due course be transferred to Aegon AM. The basic principle in this context is that the service provision will as much as possible be continued unchanged after 1 July 2023. At present, further arrangements are being made with Aegon AM in order to make the transition on 1 July as smooth as possible.

Risk management

Manager's risk structure
Risk management is the continuous and systematic risk monitoring of the organization and its activities in order to consciously take risks, reduce the likelihood of risks materializing or limit the consequences of such events. The objectives are controlled and ethical business practices, compliance with the laws and regulations and to act in the interest of the Participants. The key to this is ensuring that the main risks that affect management are identified and clarified so that appropriate management measures can be taken and the effectiveness of these measures can be monitored.

In order to comply with article 15, paragraph one of the AIFMD, a distinction has been made for the functional and hierarchical relationships between the risk management of funds and the risk management of a.s.r. vermogensbeheer. The director responsible for risk management at a.s.r. vermogensbeheer reports on risk management in relation to funds subject to supervision directly to the CEO (Chief Executive Officer) of ASR Nederland N.V. The risk management of a.s.r. vermogensbeheer complies with the Risk Charter that applies within ASR Nederland N.V. In accordance with the Risk Charter, a.s.r. vermogensbeheer reports for the risk management of a.s.r. vermogensbeheer to the CFO (Chief Financial Officer) of ASR Nederland N.V., via the Manager's CFRO (Chief Financial and Risk Officer) and ASR Nederland N.V.'s Finance & Risk director.

a.s.r. vermogensbeheer applies the 'Three lines of defense' model as its risk management model. This model clearly sets out the responsibilities in relation to risk management. The business units within the first line of defense are responsible for the adequate management of the risks related to the business operations in the relevant business unit. The second line of defense is responsible for implementing an integrated and effective risk management framework for the first line of defense and monitoring risk management. The second line of defense is formed at ASR Nederland N.V. level and consists of the Group Risk Management division and the Integrity division (including Compliance). The Audit division forms the third line of defense and is responsible for independently assessing the effectiveness of the risk management system, the internal control structure and the soundness of the governance structure.

Risk management
Management of the mortgages included in the Subfunds has been outsourced to servicer ASR Levensverzekering N.V. The servicer is required to comply with the management conditions set out in both the Servicing Agreement and Mortgage Receivable Purchase Agreement. The obligations set out in these agreements include the periodic submission of reports on the development of arrears and losses. Developments in these areas are monitored by means of a number of agreed restrictions. The agreements also provide for the possibility of a "right to audit", and the servicer is required to issue an annual ISAE 3402 report.

The Manager uses a system of risk management measures to ensure that the Subfunds continuously comply with the requirements set out in the Fund Conditions and in the legal frameworks.

The Subfunds are sensitive to market movements in general (market risk), as well as to fluctuations in the value of collateral, the interest rate risk, liquidity risk and credit risk. However, the maximum loss for Participants is limited to the value of the Participations they hold. The main risks involved in investing in the Fund are described in the following table. An overview of all risk factors can be found in section 9 of the Information Memorandum.

Defined risk	Explanation and mitigating measures
Credit risk	Credit risk concerns the possibility that the borrower will fail to make timely coupon payments and mortgage repayments. This risk is managed by imposing restrictions on the maximum Loan-to-Value ratio at the time of origination and a limit on the maximum concentration of interest-only mortgages. In the case of the Subfund with a national mortgage guarantee, this risk is further mitigated by the fact that the mortgages are covered by the National Mortgage Guarantee (Nationale Hypotheek Garantie, "NHG"). A strictly implemented acceptance and arrears policy at mortgage loan level by the servicer is essential to mitigate credit risks. Monitoring of these processes forms part of the ISAE 3402 Type II report for a.s.r. Hypotheken from the servicer ASR Levensverzekering N.V.
Counterparty risk	Counterparty risk is the risk that business will be conducted with an unreliable or uncreditworthy party. Customer due diligence procedures and measures apply for the purpose of managing this risk. The aim of these customer due diligence procedures and measures is to manage financial and/or non-financial losses resulting from the acceptance of potentially undesirable participants and transaction parties.
Concentration risk	Concentration risk is the risk that concentrations of mortgage loans with common characteristics will be held in the fund portfolio, which could have a negative impact on the Fund's performance. One of the ways of mitigating concentration risk within the Subfunds is by applying a lending limit to mortgage loans (€1 million for mortgages without the National Mortgage Guarantee and the NHG lending limit for mortgages with the National Mortgage Guarantee). A geographical diversification is achieved by the fact that approximately 5,000 intermediaries throughout the country are able to provide a.s.r. mortgage loans.
Liquidity risk	Liquidity risk is the risk that the Fund will not be able to obtain the financial resources required to meet its obligations on time, and the risk that Participants will not have sufficient opportunity to withdraw from the Fund within a reasonable timeframe. The Fund invests in mortgage loans that cannot be converted into cash at short notice. Participants must submit a withdrawal request to the Manager, which the Manager is not obliged to grant. The Manager's decision will depend on the redemption requests received and/or cash available from repayments received. The limited liquidity may limit the possibility, and prolong the process, of withdrawing from the Fund. Participations in the Fund cannot be transferred to a third party, and can only be repurchased by the Manager depending on the available cash.
Collateral risk	Developments within the housing market in the Netherlands can potentially have a negative impact on the value of the collateral furnished for a mortgage loan. The government has taken measures to mitigate this risk in recent years, for instance by reducing the maximum permitted Loan-to-Value ratio to 100%, limiting the interest deductibility of mortgage interest for income tax purposes to annuity and linear repayment mortgage loans since 1 January 2013, by permitting the refinancing of interest-only mortgages up to a maximum of 50% of the market value of the security and reducing the interest deductibility percentage over the coming years. Furthermore, this risk is mitigated by the acceptance policy as implemented by the servicer.

Defined risk	Explanation and mitigating measures
Operational risk	Operational risk is the risk that errors will not be identified timely or that fraud may occur due to failing or inadequate internal processes, human error or system limitations, and unexpected external events. The Manager has a system that involves monitoring procedures, measuring defined constraints and identifying where limits have been exceeded to allow swift and appropriate action and risk mitigation. An escalation procedure is available as an additional tool for the rapid resolution of situations where limits have been exceeded. The most important processes and controls carried out within the Manager are included in a.s.r. vermogensbeheer's ISAE 3402 Type II report.
Interest-rate risk	This risk relates to negative price trends caused by movements in the market interest rate. The Manager has chosen not to hedge this risk within the Fund.
Early repayment risk	It is possible that the debtor will repay more than the mortgage debt he or she is contractually obliged to repay. If the current applicable mortgage rate is lower than the mortgage interest rate applicable to the loan in question, and the debtor repays more than the annual permitted penalty-free repayment percentage (15%), the debtor is charged the present value of the interest rate difference to the outstanding loan amount which reduces the early repayment risk.
Risk of anti-selection	This risk relates to the selection of mortgages that do not meet the conditions/criteria set out in the Fund's transaction documents. Portfolio Management and Risk Management respectively assess the proposed selection against the Fund's selection conditions prior to any acquisition of mortgage loans. The acquisition is only effectuated if the outcome is positive.
Valuation risk	Valuation risk is the risk that the mortgages within the Fund's portfolio will be incorrectly valued, resulting in an incorrect value of (the Participations in) the Fund. This risk is mitigated by valuing mortgages on the basis of a standard monthly process based on an established valuation method. The valuation method was validated by an external consultant at inception.

Table 1: main risks

No limits were exceeded and no incidents occurred in the reporting period that have had a material impact on the Fund. Furthermore, no significant changes or improvements to the risk management system were required.

One of the purposes of the (semi-)annual reports is to provide an insight into the risks that have occurred at the end of the reporting period. The best way to obtain this insight is by reviewing this risk section in conjunction with the Subfund report, which provides more detailed information on the specific portfolio risks associated with the Subfund in question.

Fund governance and policy regarding conflicts of interest

In order to provide the Participants with guarantees that the management of the Fund will be carried out in a controlled and ethical manner and that the services will be provided with due care as referred to in the Wft, the Manager has drawn up a code of conduct. This code of conduct has the aim of ensuring that the Manager acts in the interests of the participants in its investment funds and structures the organization of the Manager in a way that prevents conflicts of interest.

An important part of fund governance is the presence of a Supervisory Board that supervises the management of the Dutch AIFMD investment funds by the Manager. This supervisory body has the task of monitoring compliance by the Manager with its obligation to act in the interests of the participants in its investment funds.

In addition, the Manager has drawn up a policy regarding conflicts of interest for all its activities. The principles underlying the policy are the avoidance and management of conflicts of interest that could be disadvantageous to clients of the Manager, and the equal and fair treatment of clients. The Fund Governance Code and the Conflict of Interest policy can be found on the Manager's website.

Personnel
The Manager does not employ any personnel. As at 31 December 2022, 194 employees and 187 FTEs were subcontracted by a.s.r. vermogensbeheer pursuant to an employee loan agreement with ASR Nederland N.V.
The personnel expenses, which are charged to a.s.r. vermogensbeheer consist entirely of fixed remuneration (AIFMD Article 22, paragraph 2 e). The Manager does not share in the investment performance as remuneration for the management of the investment funds, hence there is no question of 'carried interest' (the share of the profit of the Fund intended for the Manager of the Fund as remuneration for the management).

The table below includes the total remuneration with regard to the employees loaned by the Manager (numbers according to the end of the reporting period position). Allocation of these amounts to the Fund is not possible since relevant information is not available. Further information about the remuneration policy is included on the website (www.asr.nl).

Personnel expenses (in euros)	01-01-2022 to 31-12-2022	No. of employees
Identified Staff	3,371,413	11*
Employees	24,814,219	183
Total	**28,185,632**	**194**

*The 2022 Identified Staff remuneration relates to three Management Board members and eight Identified Staff members.

Sustainability policy

a.s.r. as a sustainable investor
Since 2007 a.s.r. has employed a formally approved investment policy that is applied to all investments, both own investments and investments for third parties. Over the years a.s.r. has expanded its efforts from the original exclusion criteria to a focus on making a positive contribution to a more sustainable world. A regular update on this is given in our quarterly reports on sustainable business practice.

All investments managed by a.s.r. vermogensbeheer are screened using our Socially Responsible Investment (SRI) policy (see www.asrnederland.nl) for social and environmental aspects and management criteria, etc. Countries and companies that do not meet the requirements are excluded. These include producers of controversial or conventional weapons and tobacco, the gambling industry and companies that derive most of their profits from the extraction of coal, tar sands and oil shale, the production of coal-fired electricity and nuclear energy. In addition, a.s.r. assesses companies on their compliance with international agreements such as the OECD guidelines and UN guidelines such as the Global Compact. a.s.r. pursues a strict exclusion policy for countries who do not respect the democratic freedoms or those countries with a poor score regarding corruption and environmental management.

a.s.r. guarantees full compliance with its own SRI policy through the internal implementation by the investment departments, the compliance process and independent external assurance by Forum Ethibel.

For a.s.r., sustainability is an essential part of the investment vision. a.s.r. believes that the integration of ESG factors in the management of its investments contributes directly to the reduction of risks (both financial and reputational) and has a positive impact on long-term performance.

Exclusion criteria for countries and companies
a.s.r. applies a strict exclusions policy for controversial activities and controversial behaviour, which applies to all internally managed portfolios, both for its own investments and investments for third parties. Twice a year a.s.r. publishes a new list of excluded companies and once a year a new list of excluded countries (https://www.asrnl.com/about-asr/sustainable-business/sustainable-investor).

a.s.r.'s sustainable investment policy is valued
July 2022 saw the eight sustainable investment policy assessment, most recent so far, by the Fair Insurance Guide (Eerlijke Verzekeringswijzer, EV), an initiative by Milieudefensie, World Animal Protection, PAX, Oxfam Novib and Amnesty International. The aim of the EV is to make the investment policies pursued by insurance companies more sustainable and to optimize working practices. To this end, the largest financial services providers in the Dutch market are compared in terms of sustainability. In the update (www.eerlijkeverzekeringswijzer.nl), a.s.r. once again came out in first place overall among the 16 insurance companies included in the policy survey. a.s.r. achieved the highest score of 10 for its policies on Weapons, Human Rights, Health and Nature. And a.s.r. was awarded a 9 in the latest update for its policies on Housing and Real Estate, where EV stated that *'ASR has a policy to improve the energy performance of the mortgage portfolio, provide green mortgage financing, monitor and publish an overview of the composition of the mortgage portfolio based on energy label, and approach customers in possession of homes with low energy labels to make them aware of the possibilities for saving on energy costs'*.

At the Investor Update in December 2021, a.s.r. has announced ambitious new carbon reduction targets: 65% in 2030 with a 2015 base year. This target applies to our main asset classes: equity, bonds, sovereigns, real estate and mortgages. Also, we will increase our impact investments from 2 to 4.5 billion euro in 2024. Alongside this target, a.s.r has introduced a new fossil fuel phase out and phase down for the next three years. This means that all investments in exposures on companies involved in products made from thermal coal and unconventional oil & gas have been divested.
For companies involved in conventional oil & gas production, only those with a strong commitment and performance on Paris Alignment may remain in our portfolios. Our engagement with large emitters will be intensified and from these companies we will demand a clear commitment to net-zero in 2050.

Climate and energy transition
The topics of climate and energy transition have been an integral part of a.s.r.'s investment policy since 2017. In 2018, a.s.r. started to publish quarterly data on the carbon emissions of its entire investment portfolio and its individual funds. As an active participant in the Partnership for Carbon Accounting Financials (PCAF), we are working with other financial institutions in the Netherlands to develop the calculation methods for all asset classes further.

Since the third quarter of 2019, a.s.r. measures the carbon footprint of the a.s.r. mortgage portfolio. It does so in accordance with official PCAF methodology, which was refined at the end of 2020. The footprint of 97.7% (ultimo December 2021 98.3%) of the a.s.r. mortgage portfolio was measured at the end of the fourth quarter of 2022 in accordance with the refined PCAF method. This measurement is based on energy label, building year, and type of housing, converted to CO2 emissions using general grid emission factors, which is an official PCAF standard for measuring CO2 in mortgage portfolios.
For ASR Mortgage Fund, the emission figure is 12.5 tonnes of CO2eq per EUR 1 million of nominal debt at the end of 2022 (ultimo December 2021: 12.5 tonnes). For both Subfunds the emission figures are:
- NHG Subfund: 16.6 tonnes of CO2eq per EUR 1 million of nominal debt (December 2021, 16.8)
- Non-NHG Subfund: 11.3 tonnes of CO2eq per EUR 1 million of nominal debt (December 2021, 10.9)

As the measurement is based on energy labels, the difference in the emission figures between the two Subfunds is mainly due to the distribution of energy labels of the Subfund (as included in Figure 1).

The a.s.r. mortgages ESG policy
a.s.r. is keen to play a leading role in terms of practicing its ESG (Environmental, Social and Governance) policy as part of its mortgage lending.

Environmental
Through its mortgage lending activities, a.s.r. can help to reduce the carbon footprint of the urban environment. Mortgage lenders have taken part in the conversation regarding the Climate Agreement at the sector table for the Urban Environment. In consultation with the government and regulators, opportunities have been developed to offer consumers additional financial options in making their homes more sustainable. a.s.r. is committed to enabling mortgage clients in making their home 'greener' in two ways: by providing specific information about measures to improve the sustainability of properties and, where possible, by funding such measures. The mortgage portfolio is monitored, and clients with low quality energy labels (G being the lowest and A being the highest) will consistently be informed based on a duty of care.

From Q2 2021 onwards, a.s.r. compares its own portfolio of mortgages with a sustainability component to the HDN ('Hypotheken Data Netwerk')-measured market average of other mortgage lenders in the Netherlands. The figures show that a.s.r. scores well on the number of loans with a sustainable component in comparison with the market average in the Netherlands. In 2022 almost 23% of mortgage borrowers with a.s.r. added a sustainability component to their mortgage loans, in comparison with 11% average for Dutch mortgage providers applications. a.s.r.'s numbers for sustainability mortgage applications provide evidence of the great success of its sustainability mortgage product: more than 14% of new a.s.r. mortgages by the end of 2022 added an a.s.r. sustainability mortgage. The average amount reserved through this type of mortgage was € 9,192, which is almost the same as last year. The a.s.r. WelThuis Sustainable Mortgage Loan was introduced in September 2019. By offering the sustainability loan as standard in every quote, a.s.r. makes an active contribution to increasing the use of existing government schemes for improving the sustainability of houses.

In the first quarter of 2022 a.s.r. Hypotheken launched the execution only option for the sustainability mortgage. Existing customers can now apply for a sustainability mortgage directly without going through an intermediary. After a successful pilot in the first quarter of 2022, a sustainability mortgage of a maximum EUR 9,000 is now made available for all qualifying customers. In 2022 a total of 357 sustainable Mortgages were closed through execution only.

a.s.r. monitors the composition of the portfolio based on energy labels once a quarter. Figure 1 shows the composition of each Subfund as at year-end:

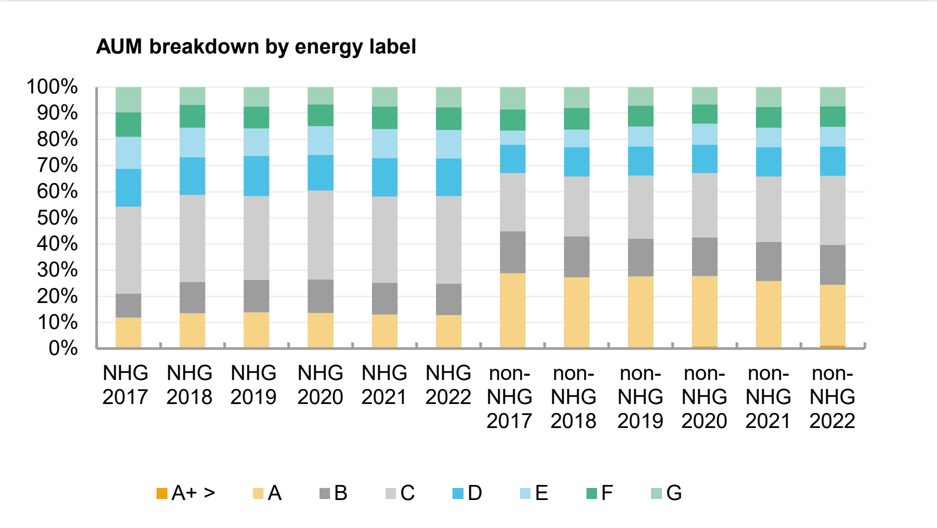

Figure 1: breakdown of the mortgage portfolio of the Subfunds by energy label

The figure shows the distribution of energy labels per Subfund. While the difference between NHG and non-NHG is striking, it is in line with the ratio between NHG and non-NHG for the country as a whole. It is worth noting that the distributions do not change a lot over time. The reason is that there is no legal obligation for homeowners to update their energy label during the period when they live in the home, even if they implement sustainability measures.
A definitive energy label is only required when the property is sold.

In general an increasing number of providers is rewarding the financing of an A label with an interest discount.
At this moment a.s.r. does not reward A labels. a.s.r. focuses on actively making impact through mortgage financing in the energy transition by helping customers with a higher energy label to become more sustainable.

Social
Through its mortgage lending activities, a.s.r. plays a role in meeting its clients' housing needs. a.s.r. believes it is important that home ownership remains achievable for as many people as possible. In this context, a.s.r. pays special attention to clients who struggle to access the housing market. In collaboration with the government and regulators, solutions have been found for the various groups.

- First-time buyers: with the first-time buyer mortgage, a.s.r. gives first-time buyers the opportunity to finance a home for a lower monthly mortgage payment by spreading the repayments over a period of over 30 years. Mortgages with a repayment term of more than 30 years are a successful niche product. In 2022 the first-time buyers mortgage was 2.6% (ultimo Q1 2022 this percentage was 2.1%) of the total mortgage production. Here, we see a notable increase in the second half of 2022. In this period, 5.1% of a.s.r. mortgage customers closed a First-time buyer Mortgage. This development can be explained from the perspective of rising interest rates. By spreading mortgage costs over a longer period than 30 years, monthly costs remain affordable for first-time buyers.
- Senior citizens: the Levensrente Mortgage allows customers who receive a state pension to withdraw surplus value from their home, up to 50% of the value of the object. The interest rate of the loan is fixed for life as long as the customer(s) live in the house. Interest is not added to the loan, so the debt does not increase.
- Preventive management: a.s.r. offers clients who are at risk of experiencing payment problems, support in the form of, amongst other things:
  - Budget coaches. For clients who should be able to make their repayments based on their income but who struggle to do so, a budget coach can help to better align their income with their expenditures.
  - Job coaches. For clients who are unemployed or at risk of becoming unemployed, a.s.r. can provide a job coach.

Governance
a.s.r.'s mortgage business is a flat organization in which initiatives from the office floor are a key driver of continuous performance improvement. In a culture that centers around responsibility and service to our customers, we work as a team to achieve clear, measurable goals. Employees have flexible working hours and are location independent. No variable compensation schemes are included at any level, which helps to prevent potential risks of conflicting interests.

Market developments and outlook

Economic developments

At a growth rate of around 3%, 2022 has turned out to be a mediocre year for the world economy. The strong growth recovery of 2021 did not continue unabated in 2022, a.o. due to supply constraints (in the aftermath of the coronavirus pandemic) and the war in Ukraine. However, there were significant differences among regions. The US economy had a difficult first half year, but recovered in the second half of 2022. By contrast, the European economy started the year well, but slumped as the consequences of the war in Ukraine began to be felt more acutely. The Chinese economy continued to be adversely affected by the coronavirus pandemic throughout the year. Initially, China's zero-Covid policy hampered business activities, and when this policy was eventually abandoned after large-scale protests, infections shot up straight away.

Even more than economic growth, in 2022 the decisive factor from a macroeconomic perspective was inflation. In many countries, inflation rose to the highest levels in at least 40 years. In June, inflation in the US peaked at 9.1% year-on-year. Inflation in the eurozone reached even higher levels, at 10.6% year-on-year in October. The Netherlands even recorded a peak level of 17.1% year-on-year in September. Inflationary pressures also rose sharply outside Europe and the US, with Turkey (85% inflation year-on-year in October) as an extreme example. Even in Japan, which has been fighting deflation for decades, inflation is now nearly 4%. Only in China did inflation not rise above 3%, which was due in part to the continuing lockdowns and modest growth.

Financial markets

Investors will remember 2022 first and foremost as the year of rising interest rates. These caused negative returns not just on government bonds, but also on almost all other asset classes. This made 2022 an exceptional investment year. Years with negative returns on equities are not unusual (this century alone, there had been six before 2022), but these negative returns are usually offset by positive returns on (government) bonds. Years with negative returns on bonds are very rare, and an annual return on European government bonds of -18.5%, as in 2022, is particularly exceptional. The combination of negative annual returns on both equities and bonds only happened twice before in the past 100 years, in 1931 and 1969.

As stated earlier, the price trend for equities was negative in 2022, but in varying degrees for the respective regions. Throughout 2022, emerging markets were the worst performing region with an annual return of -15%, closely followed by American equities. Measured in US dollars, the loss for American stock exchanges was even greater, at more than -20%. This is due primarily to the loss on tech equities: the Nasdaq index lost about one third of its value in 2022. European stock exchanges, where tech companies have a relatively smaller presence, fell by 'only' 9.5% on average in 2022, while Asian equities fell by 12%. At sector level, listed real estate was by far the worst performing asset class, with an annual return of -40%.

Mortgage rates follow the development of swap rates with a few weeks' delay. After a hesitant start, mortgage rates were raised at an extremely rapid pace in line with the rising swap rates. In some cases, lenders increased the rate by more than 0.5% within a week. In addition to the soaring swap rate, the reduced demand from institutional investors for mortgage investments in the second half of 2022 also caused an interest rate rise and a (temporary) widening of spreads.

Outlook for the economy and financial markets

Looking at 2023, expectations for the world economy are not particularly high. The global growth figure is expected to be lower rather than higher compared to 2022, in the range of 2-2.5%. Europe in particular is facing a difficult time. The consequences of the high energy prices and the resulting sharp fall in purchasing power among European consumers make a recession in the first months of 2023 virtually inevitable. Although the US economy is less vulnerable to high energy prices than the European economy, businesses and consumers in the US are expected to be increasingly affected by the soaring interest rates in the course of 2023, while the expensive dollar puts pressure on US exports. For China, the third large economic region in the world, the quite unexpected abandonment of the zero-Covid policy is favourable in principle, but much will depend on how the Chinese authorities will deal with the rapidly increasing number of Covid infections, given the low efficiency of Chinese vaccines and the underdeveloped Chinese healthcare system (particularly the limited availability of ICU beds).

Both in the eurozone and the US, the rate of inflation is expected to gradually fall in 2023 towards 3-4%. This is still well above the 2% targets set by the ECB and the Fed, and it is therefore unlikely that both central banks have finished increasing their base rates. Although these rates have already been raised significantly in 2022 (from -0.5% to 2% in the eurozone and from approximately 0% to 4.5% in the US), one or more interest rate moves are expected in the first quarter of 2023, both in the US and the eurozone. The main question is whether central banks will be prepared to heap more pressure on the already modest economic outlook by further (and perhaps unduly) increasing interest rates, certainly if there is a sharp drop in inflationary pressure (in line with expectations). As an alternative for interest rate hikes, the Fed and the ECB might at some point in 2023 place greater emphasis on accelerated reduction of their balance sheets, in other words 'quantitative tightening' instead of the 'quantitative easing' of recent years.

With regard to financial markets, we do not expect to see a sudden 'regime shift' as compared to 2022, at least not in the short term. For now, therefore, we proceed from a base scenario of (slightly) higher capital market interest rates, even though these rates have already risen significantly in the course of 2022. Although rapidly falling inflationary pressure and/or deteriorating economic growth figures may put an end to the interest rates rises at some point in 2023, this does not seem likely in the short term. Such a scenario is not very favourable to equities and other more risky asset classes, as we found out in 2022. This suggests limited upside potential for assets such as equities and listed real estate, at least in the short term. Corporate bonds may be a relatively 'safer' option, but this asset class is not likely to generate high returns either in the near future if interest rates continue to rise.
When it comes to mortgages, the entry level is clearly more favourable than it was a year ago, with relatively attractive spreads. Here too, a further interest rate increase may (temporarily) throw a spanner in the works.

Developments in the Dutch Mortgage Market

We will discuss below the developments related to the various stakeholders on the Dutch mortgage market (consumers and mortgage lenders), before we zoom in on the housing market and the affordability of homes. Finally, we will present our outlook for 2023.

Consumers

After years of relatively stable development of the Dutch residential mortgage market, 2022 was a year of major changes. The sharp rise in mortgage interest rates caused a boom in the refinancing market in the first half-year of 2022: Consumers decided en masse to extend their existing mortgage loan with their existing provider or a new provider. From the summer, however, the number of applications for new mortgage loans in the Netherlands took a nosedive: Not only did the refinancing market dry up completely, it also became increasingly difficult for movers and first-time buyers to take out a new mortgage loan due to the combination of high house prices and higher mortgage rates. In addition, generic consumer confidence fell to an all-time low as a result of great uncertainty due to the development of inflation, sharply rising energy costs and the war in the Ukraine. Because employment continues to develop favorably in the Netherlands and many Dutch people have fixed their mortgage interest rates at relatively low levels in recent years, it is understandable why the sentiment indicator for the housing market developed less negative, as shown in the graph below.

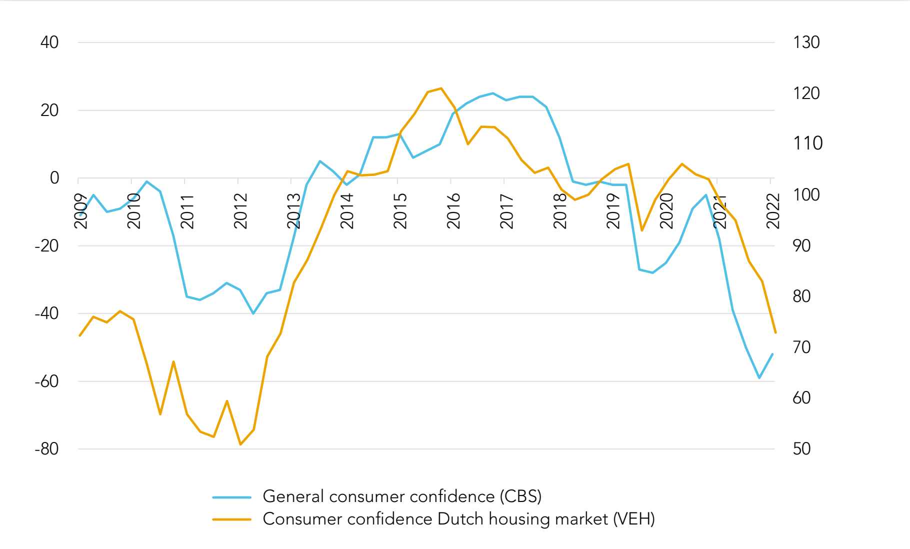

Figure 2: Historical development consumer confidence (source: CBS and Vereniging Eigen Huis)

Mortgage lenders and the mortgage market

The market share of banks in the Netherlands has improved compared to a year ago (30 September 2022: 54.9%, 30 September 2021: 52.6%). Insurers are confronted with a decrease in market share compared to a year ago (30 September 2022: 9.7%, 30 September 2021: 13.2%) which is probably partly explained by a shift in the market to shorter fixed-interest periods. The increase in market shares of mortgage platforms (30 September 2022: 25.0%, 30 September 2021: 24.0%) underscores the broad investment interest in Dutch mortgage loans outside the traditional circle of lenders.

Residential property market

Looking at the movement in the average house price over 2022, at the end of the third quarter of 2022, the average selling price of houses sold was €437,996: a rise of 8.1% (2021: +18.5%; source CBS) compared to the same quarter one year ago. The graph below shows the development of the average price development. Because Land Registry data is based on purchase deed data supplied, some delays in price developments in current transactions on the housing market must be taken into account. It is now known that current sales in the Dutch housing market are carried out at lower transaction values and that the housing market has therefore reached a peak.

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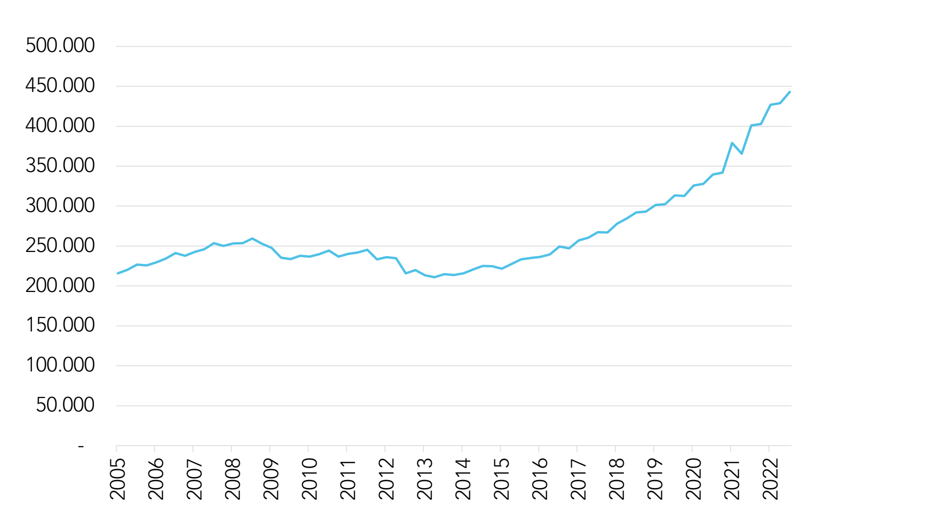

Figure 3: Average house price in the Netherlands in euros (source: Land registry)

The number of residential property transactions in 2022 leveled off compared to the previous year. Up to and including the third quarter, 97.588 homes were sold in 2022, a decrease of 6.5% compared to the first nine months of 2021 (source: NVM). The number of sales transactions peaked in Q2 2022, with a decrease in Q3 2022 compared to Q2 2022 of approximately 10%.

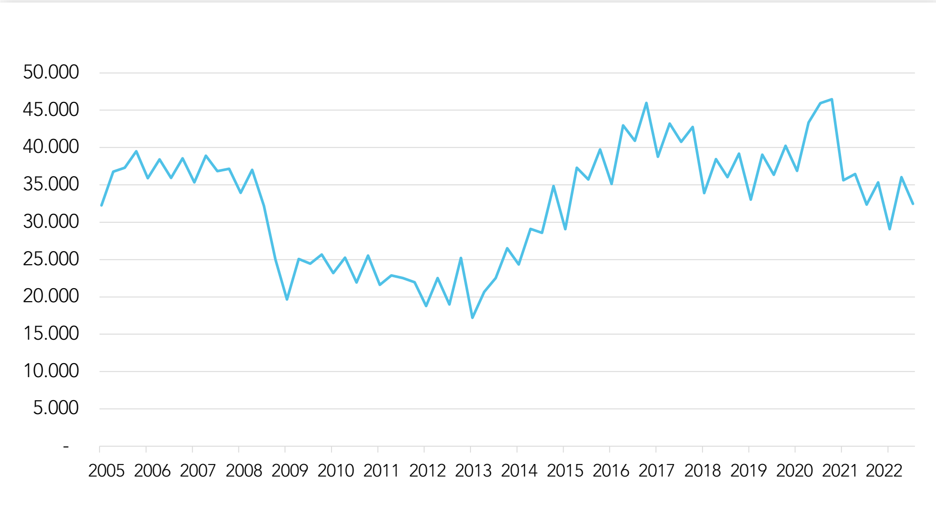

Figure 4: Number of house sales per quarter (source: NVM)

Mortgage affordability

Until 2022, the average net interest costs on an average new mortgage, as a percentage of the average monthly disposable net income, was relatively stable at around 15%. The rising principal on which mortgage interest had to be paid was compensated by a lower mortgage interest rate. However, as a result of the strongly rising mortgage interest in 2022, this percentage has now risen to 20.1% (source: Calcasa).

If the burden for interest and annuity repayments on new mortgages is calculated, then there has been an increasing trend for much longer with 41.7% of net disposable monthly income (100% financed) as of Q3 2022 (Q3 2021:37%). The development of affordability thus provides insight into why the demand for new mortgage loans declined sharply in second half-year of 2022: Without the contribution of capital, the purchase of a home, given the mortgage costs, can hardly be afforded by the average household. The graph below shows the aforementioned developments in the form of an ‘affordability index’, i.e. the share of the average Dutch net household income spent on average net housing costs.

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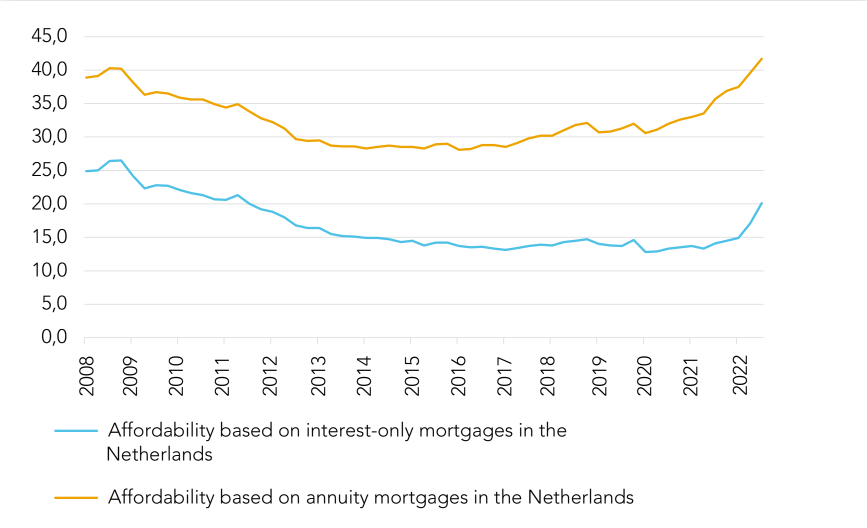

Figure 5: Affordability index in the Netherlands (net housing costs as % of net monthly income) (source: Calcasa WOX)

Outlook for 2023

The number of transactions on the housing market has fallen considerably in the past year. The demand for homes remains high, but current prices (in combination with current mortgage interest rates) are still too high for many potential buyers to purchase. In the second half-year of 2022, house prices have started to decline, looking for a new equilibrium point between supply and demand. Where that equilibrium point is, will also be influenced by the development of mortgage interest rates, which in turn is strongly driven by the development of the risk-free interest rate.

Because the Dutch economy continues to perform well and mortgage loans in recent years have been characterized by long-term fixed mortgage interest rates at relatively low mortgage rates with considerable buffers in the Loan-to-Value, the developments of the past year have not yet led to a visible increase in credit risk in the mortgage loan portfolios. As the supply of new mortgage production has fallen sharply since the second half-year of 2022, we expect a limited supply for new mortgage loan investments in 2023. This development is expected to cap the chance of higher than historical average returns above the risk-free interest rate in 2023.

ASR Mortgage Fund Subfunds

Subfund with a Dutch National Mortgage Guarantee

The Subfund offers investors the opportunity to invest in residential mortgages in the Netherlands. The long-term goal of the Subfund is to generate a stable and direct income stream for its participants. Only mortgage loans with a national mortgage guarantee are included in the NHG Subfund (low risk profile). The Subfund is a financial product that promotes environmental and social characteristics but does not have sustainable investments as its objective. As such, it is classified as an Article 8 product under the SFDR.

Characteristics	Subfund with a national mortgage guarantee
All-in management fee*	0.45% of the total assets of the Subfund
Entry and exit charges	0.00% of the Net Asset Value of the Subfund

Table 2: Mortgage fund charges

* The management fee also covers costs incurred by a.s.r. vermogensbeheer in respect of mortgage lending and servicing of the mortgage portfolio.

Return and portfolio policy

The Net Assets saw a decrease in 2022 from € 2,120.9 million to € 1,824.9 million.

	Net Assets (x €1,000)	Subfund Returns
31-12-2022	1,824,907	-19.44 %
31-12-2021	2,120,939	1.73 %
31-12-2020	1,749,388	3.51 %
31-12-2019	1,257,147	8.30 %
31-12-2018	451,767	2.23 %

Table 3: Returns

Over the reporting period, the Subfund achieved a return of -19.44% based on the Net Asset Value and dividend paid during the year. A key driver of the Net Asset Value movement was the movement in a.s.r.'s NHG WelThuis mortgage rates. Both the NHG mortgage rates and the non-NHG mortgage rates increased significantly in 2022. The reference index return for 2022 was -20.90%. The reference index for the NHG Subfund is a composite index consisting of Merrill Lynch swap indices with a similar duration to that of the expected cashflows of the NHG Subfund. The composition of the index is updated monthly according to the new duration of expected cashflows. The reference index is not a benchmark. The purpose of the reference index is to provide insight into the interest-rate sensitivity of the profitability. The -19.44% annual return on the NHG Subfund is higher than the -20.90% index return. This is mainly because the increase of the swap rates exceeded the increase of the NHG mortgage rates.

Value movement per participation	2022	2021	2020	2019	2018
Income	192.76	207.88	221.03	235.97	239.47
Changes in value	-2,281.85	22.64	219.46	692.12	170.53
Costs	-42.41	-50.08	-48.86	-48.07	-45.17
Result after tax	**-2,131.50**	**180.44**	**391.63**	**880.02**	**364.83**

Table 4: value movement

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Amounts per participation are based on the average number of participations during the financial year (24 measurement points during the reporting period).

Risk management:
The main portfolio-specific risks associated with the NHG Subfund are:

Concentration risk:
If multiple investments are made in the same sector, geographical area or investment category, concentrations can occur in these sectors, areas or categories resulting in a risk that this concentration will make the investment portfolio as a whole more sensitive to general and specific market movements in these sectors, areas and categories. The Subfund Manager will seek to limit the risk to the investor to an acceptable level by maintaining a certain degree of geographical diversification across the investments. There is also a large number of borrowers. A concentration limit of 25% of the loan portfolio applies to interest-only mortgages.

Mortgage portfolio by product	31-12-2022	31-12-2021
Annuity	82.18%	82.25%
Interest-only	13.34%	12.95%
Linear amortization	4.48%	4.80%

Table 5: portfolio breakdown by product

Mortgage portfolio by province	31-12-2022	31-12-2021
Drenthe	4.07%	3.91%
Flevoland	2.48%	2.76%
Friesland	4.99%	4.67%
Gelderland	13.27%	13.37%
Groningen	5.02%	4.77%
Limburg	10.35%	9.93%
Noord-Brabant	14.52%	14.93%
Noord-Holland	8.80%	9.14%
Overijssel	9.08%	8.85%
Zuid-Holland	18.23%	18.47%
Utrecht	5.82%	6.01%
Zeeland	3.19%	2.99%
Other (new developments)	0.18%	0.20%

Table 6: portfolio breakdown by province

The percentages in the above and below tables have been calculated based on nominal loan amounts.

Credit risk:
The Subfund invests in mortgage loans that are characterized by a credit risk. The value of the mortgage loans is influenced in part by positive or negative developments in the creditworthiness of the debtor. A deterioration in credit-worthiness can potentially mean that the debtor is no longer able to meet his or her obligations.

Stringent selection criteria are applied when including mortgage loans in the fund, among which the Loan-to-Value ratio (maximum of 100% since 1 January 2018, maximum of 106% if it covers investments in energy-saving features) and interest-only percentage limits. Within the Subfund, credit risk is also limited by only investing in mortgage loans covered by a national mortgage guarantee. The national mortgage guarantee is a guarantee on mortgage loans for the purchase and improvement of an owner-occupied property. If the property unexpectedly needs to be sold for reasons such as divorce, unemployment or death and the proceeds are less than the mortgage debt, the Homeownership Guarantee Fund (Waarborgfonds Eigen Woning, WEW) will pay the remaining debt to the lender.

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In the context of the WEW, this remaining debt is determined based on a 30-year annuity repayment schedule. The WEW is a private organization that has backstop agreements with the Dutch government and municipalities. Consequently, DNB (Dutch Central Bank) views the national mortgage guarantee as a government guarantee. Since 1 January 2014, lenders must bear a mandatory uninsured risk of 10% of a potential loss.
Where loss claims are submitted in respect of mortgage loans, WEW calculates the own risk share.

The following overview shows a breakdown of the portfolio by residual debt relative to the underlying (current) market value of the security (the CLTCMV):

	31-12-2022		31-12-2021	
Current Loan-to-Current Market Value ratio (%)	CLTCMV-breakdown %	CLTCMV – weighted average per bucket (%)	CLTCMV-breakdown %	CLTCMV – weighted average per bucket (%)
0 – 10%	0.00%	-	0.00%	-
10 – 20%	0.06%	16.42%	0.03%	17.33%
20 – 30%	0.19%	26.66%	0.11%	26.64%
30 – 40%	0.57%	35.52%	0.35%	35.88%
40 – 50%	1.81%	46.01%	1.21%	46.25%
50 – 60%	4.68%	55.80%	2.99%	55.68%
60 – 70%	10.12%	65.55%	6.79%	65.72%
70 – 80%	16.11%	75.43%	12.26%	75.53%
80 – 90%	27.15%	85.85%	22.22%	85.59%
90 – 100%	37.50%	93.95%	50.49%	94.65%
More than 100%	1.81%	101.61%	3.55%	101.58%

Table 7: portfolio breakdown by Loan-to-Value ratio

The percentages in the above tables have been calculated based on nominal loan amounts. The following overview shows a breakdown of the portfolio by loan size. A national mortgage guarantee cost limit of € 355,000 was applied in 2022 (2021: € 325,000).

Breakdown by remaining debt (%)	31-12-2022	31-12-2021
Less than 50,000	0.06%	0.05%
50,001 – 100,000	1.37%	1.25%
100,001 – 150,000	11.86%	12.11%
150,001 – 200,000	28.08%	28.56%
200,001 – 250,000	31.03%	32.65%
More than 250,001	27.60%	25.38%

Table 8: portfolio breakdown by remaining debt

At 31 December 2022, no provision for credit losses has been recorded (31-12-2021: €47,000). Four loans (for a total of €725,000) had arrears of more than three months.

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Interest-rate risk:
The value of the investments is sensitive to changes in the mortgage interest rate. Rising interest rates will generally lead to a fall in the value of the mortgage portfolio. The following overview shows a breakdown of the portfolio by fixed-rate term:

Breakdown by fixed-rate term (%)	31-12-2022	31-12-2021
Shorter than one year	0.46%	0.37%
Between 1 and 5 years	0.12%	0.12%
Between 5 and 10 years	10.85%	10.03%
Between 10 and 15 years	3.60%	3.65%
Between 15 and 20 years	53.30%	56.80%
Between 20 and 25 years	3.32%	2.50%
Between 25 and 30 years	28.35%	26.53%

Table 9: portfolio breakdown by fixed-rate term

The effective duration of the portfolio, considering moving and early repayment options, was 7.9 years per 31-12-2022 (31-12-2021: 8.3 years).

The following overview shows a breakdown of the portfolio by mortgage interest rate at loan level.

Breakdown by coupon %	31-12-2022	31-12-2021
Less than 1.5 %	24.87%	18.97%
1.5 % - 2.0 %	33.39%	36.04%
2.0 % - 2.5 %	26.11%	29.83%
2.5 % - 3.0 %	13.14%	15.14%
More than 3.0 %	2.49%	0.02%

Table 10: portfolio breakdown by coupon

Subfund without a Dutch National Mortgage Guarantee

The Subfund offers investors the opportunity to invest in residential mortgages in the Netherlands. The long-term goal of the Subfund is to generate a stable and direct income stream for its participants. Only mortgage loans without a national mortgage guarantee are included in the non-NHG Subfund (higher risk profile, higher return). The Subfund is a financial product that promotes environmental and social characteristics but does not have sustainable investments as its objective. As such, it is classified as an Article 8 product under the SFDR.

Characteristics	Subfund without a national mortgage guarantee
All-in management fee*	0.45% of the total assets of the Subfund
Entry and exit charges	0.00% of the Net Asset Value of the Subfund

Table 11: Mortgage fund charges

* The management fee also covers costs incurred by a.s.r. vermogensbeheer in respect of mortgage lending and servicing of the mortgage portfolio.

Return and portfolio policy

The Net Assets saw an increase in 2022 from € 5,947.3 million to € 5,947.6 million. Due to higher interest rates, the value of mortgages decreased significantly, this negative effect was however fully compensated by the issue of participations.

	Net Assets (x €1,000)	Subfund Returns
31-12-2022	5,947,598	-19.20 %
31-12-2021	5,947,272	3.65 %
31-12-2020	4,492,862	2.16 %
31-12-2019	2,968,585	9.27 %
31-12-2018	1,446,000	1.80 %

Table 12: Returns

Over the reporting period, the Subfund achieved a return of -19.20% based on the Net Asset Value and dividend paid during the year. A key driver of the Net Asset Value movement was the movement in a.s.r.'s non-NHG WelThuis mortgage rates. Both the NHG mortgage rates and the non-NHG mortgage rates increased significantly in 2022. The reference index return for 2022 was -21.01%. The reference index for the non-NHG Subfund is a composite index consisting of Merrill Lynch swap indices with a similar duration to that of the expected cashflows of the non-NHG Subfund. The composition of the index is updated monthly according to the new duration of expected cashflows. The reference index is not a benchmark. The purpose of the reference index is to provide insight into the interest-rate sensitivity of the profitability. The -19.20% annual return on the non-NHG Subfund is higher than the -21.01 % index return. This is mainly because the increase of the swap rates exceeded the increase of the non-NHG mortgage rates.

Value movement per participation	2022	2021	2020	2019	2018
Income	214.53	236.69	245.13	260.79	257.92
Changes in value	-2,212.72	193.07	52.26	722.91	22.63
Costs	-42.43	-49.90	-48.70	-47.25	-45.52
Result after tax	**-2,040.62**	**379.86**	**248.69**	**936.45**	**235.03**

Table 13: value movement

Amounts per participation are based on the average number of participations during the financial year (24 measurement points during the reporting period).

Risk management

The main portfolio-specific risks associated with the non-NHG Subfund are:

Concentration risk:

If multiple investments are made in the same sector, geographical area or investment category, concentrations can occur in these sectors, areas or categories resulting in a risk that this concentration will make the investment portfolio more sensitive to general and specific market movements in these sectors, areas and categories. The Subfund Manager will seek to limit the risk to the investor to an acceptable level by maintaining a certain degree of geographical diversification between the investments. There is also a large number of borrowers. A concentration limit of 50% of the loan portfolio applies to interest-only mortgages.

Mortgage portfolio by product	31-12-2022	31-12-2021
Annuity	71.54%	72.30%
Interest-only	25.31%	24.06%
Linear amortization	3.15%	3.64%

Table 14: portfolio breakdown by product

Mortgage portfolio by province	31-12-2022	31-12-2021
Drenthe	2.01%	1.86%
Flevoland	2.36%	2.19%
Friesland	1.98%	1.82%
Gelderland	11.23%	11.16%
Groningen	1.89%	1.81%
Limburg	4.80%	4.57%
Noord-Brabant	15.90%	15.90%
Noord-Holland	18.70%	19.00%
Overijssel	4.92%	4.76%
Zuid-Holland	21.27%	21.48%
Utrecht	13.10%	13.35%
Zeeland	1.29%	1.39%
Other (new developments)	0.55%	0.71%

Table 15: portfolio breakdown by province

The percentages in the above and below tables have been calculated based on nominal loan amounts.

Credit risk:

The Subfund invests in fixed-interest securities that are characterized by a credit risk. The value of the mortgage loans is affected by positive or negative developments in the creditworthiness of the debtor. A deterioration in creditworthiness can potentially mean that the debtor is no longer able to meet his or her obligations.

Stringent selection criteria are applied when including mortgage loans in the fund, among which the Loan-to-Value ratio (maximum of 100% since 1 January 2018, maximum of 106% if it covers investments in energy-saving features) and interest-only percentage limits.

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The following overview shows a breakdown of the portfolio by residual debt relative to the underlying (current) market value of the security (the CLTCMV):

	31-12-2022		31-12-2021	
Current Loan-to-Current Market Value breakdown (%)	CLTCMV - breakdown (%)	CLTCMV - weighted average per bucket (%)	CLTCMV - breakdown (%)	CLTCMV - weighted average per bucket (%)
0 – 10%	0.02%	8.33%	0.02%	8.48%
10 – 20%	0.16%	16.08%	0.11%	16.21%
20 – 30%	0.41%	26.09%	0.34%	25.87%
30 – 40%	0.98%	35.64%	0.74%	35.47%
40 – 50%	2.40%	45.87%	1.77%	45.87%
50 – 60%	5.16%	55.45%	3.27%	55.47%
60 – 70%	11.22%	65.63%	7.54%	65.76%
70 – 80%	22.08%	75.52%	19.64%	75.68%
80 – 90%	25.87%	84.93%	25.31%	84.77%
90 – 100%	30.21%	94.65%	38.46%	94.97%
More than 100%	1.49%	102.37%	2.80%	102.64%

Table 16: portfolio breakdown by Loan-to-Value ratio

The percentages in the above tables have been calculated based on nominal loan amounts. The following overview shows a breakdown of the portfolio by loan size. One of the selection criteria for the Subfund is a maximum mortgage sum of €1 million.

Breakdown by remaining debt (%)	31-12-2022	31-12-2021
Less than 100,000	0.57%	0.58%
100,001 – 200,000	5.89%	5.82%
200,001 – 300,000	20.87%	21.85%
300,001 – 400,000	35.19%	37.20%
400,001 – 500,000	20.07%	18.52%
500,001 – 600,000	9.80%	8.99%
600,001 – 700,000	4.62%	4.17%
700,001 – 800,000	1.88%	1.82%
More than 800,000	1.11%	1.05%

Table 17: portfolio breakdown by remaining debt

At 31 December 2022, no provision for credit losses has been recorded (31-12-2021: €143,000). Two loans (for a total of €431,000) had arrears of more than three months.

Interest-rate risk:
The value of the investments is sensitive to changes in the market interest rate. Rising interest rates will generally lead to a fall in the value of the mortgage portfolio. The following overview shows a breakdown of the portfolio by fixed-rate term:

Breakdown by fixed-rate term (%)	31-12-2022	31-12-2021
Shorter than one year	0.79%	0.78%
Between 1 and 5 years	0.20%	0.23%
Between 5 and 10 years	13.26%	12.61%
Between 10 and 15 years	3.82%	3.67%
Between 15 and 20 years	59.46%	64.06%
Between 20 and 25 years	2.13%	1.61%
Between 25 and 30 years	20.34%	17.04%

Table 18: portfolio breakdown by fixed-rate term

The effective duration of the portfolio, taking into account moving and early repayment options, was 8.0 years per 31-12-2022 (31-12-2021: 8.3 years). The following overview shows a breakdown of the portfolio by mortgage interest rate at loan level.

Breakdown by coupon %	31-12-2022	31-12-2021
Less than 1.5 %	5.52%	4.56%
1.5 % - 2.0 %	50.39%	44.42%
2.0 % - 2.5 %	18.88%	22.78%
2.5 % - 3.0 %	20.00%	25.54%
More than 3.0 %	5.21%	2.70%

Table 19: portfolio breakdown by coupon

In Control Statement

The Manager's description of its business operations meets the requirements of the Financial Supervision Act (Wet op het financieel toezicht, "Wft"). The Manager has reviewed various aspects of its business operations during the past financial year. In the course of these activities, no findings were made that would lead to the conclusion that the description of the structure of the business operations does not meet the requirements as set out in the Wft and related legislation.
The Manager has also not come across any findings that indicate that the business operations do not function effectively or not in accordance with the description. We therefore declare with a reasonable degree of certainty that the business operations functioned in accordance with the stated description in 2022.

The Fund's asset management is carried out by ASR Nederland N.V. staff employed by the Manager under an employee loan agreement. The Manager has issued an ISAE 3402 Type II report and has obtained an assurance report on this. This report confirms the Manager's view regarding the investment and other processes.

Utrecht, 6 March 2023

ASR Vermogensbeheer N.V.

On behalf of ASR Mortgage Fund

The management board,

Mr. J.T.M. Julicher (director)
Mr. M.R. Lavooi (director)
Mrs. W.M. Schouten (director)
Mr. P. Klijnsmit (director)

Supervisory Board Report

According to the law and its rules of procedure, the Supervisory Board is responsible for supervising the manager's policy and performance of tasks and the general state of affairs within the funds it supervises, all in the interest of the participants. The Supervisory Board also protects the interests of the participants by supervising compliance by the manager with the Fund Governance Code and advising the manager. The board is responsible for the quality of its own activities. Members are appointed for a term of four years and will retire periodically in accordance with a schedule to be determined by the board. The board has not set up any committees due to its size.

Composition and rotation schedule
The board's composition, organization and procedures comply with the applicable Corporate Governance Code of Conduct. The members are independent within the meaning of best practice provision III. 2.1 of this code.

The members of the Supervisory Board are Mr. B. Vliegenthart (chair), Mr. R.M.J.W. Beetsma and Mr. O. Labe.

The members have established the following rotation schedule:

Name	Current term expires	Reappointment possible
Mr. Vliegenthart	December 2024	Yes
Mr. Labe	December 2025	Yes
Mr. Beetsma	December 2026	Yes

Members may serve on the board for a maximum of twelve years, unless the Supervisory Board decides otherwise.

Procedures
Four meetings with the manager took place in the reporting year. During the meetings in the reporting year the manager provided the board with extensive information on the features and set-up of the mortgage fund. The board also obtained extensive information on the governance structure of the mortgage fund. One of the ways in which the manager prepared the topics discussed during the meetings was via monthly and quarterly reports. The board concluded that these documents provided the clear information it requested. Open discussions have taken place with the manager regarding policy and the current state of affairs within the mortgage fund, during which the Supervisory Board paid special attention to the following topics:

- the 2021 external audit report;
- the manager's ISAE 3402 type 2 statement;
- the 2021 annual report;
- the 2022 semi-annual report;
- compliance with the Fund Governance Code;
- feedback from participant meetings;
- performance and risk management overviews, including the complaints and incidents register;
- cybersecurity risk management;
- the long-term partnership with Aegon Asset Management.

Word of thanks
We thank the manager and the staff for their professional and enthusiastic commitment towards achieving the objectives of ASR Mortgage Fund.

Utrecht, 6 March 2023

Mr. B. Vliegenthart, chair
Mr. R.M.J.W. Beetsma
Mr. O. Labe

Financial statements 2022 Subfund with Dutch National Mortgage Guarantee

Balance sheet

Balance sheet as at 31 December 2022 (before appropriation of the result x €1,000)

Balance sheet	31-12-2022	31-12-2021	Reference
Investments			
Mortgages	1,809,346	2,105,869	
Total investments	**1,809,346**	**2,105,869**	1
Receivables	35,922	33,643	2
Other assets			
Cash	29	16	3
Current liabilities	-20,390	-18,589	4
Receivables and other assets less current liabilities	**15,561**	**15,070**	
Assets less current liabilities	**1,824,907**	**2,120,939**	
Issued participation capital	2,196,569	2,026,834	
Other reserves	91,571	87,542	
Unappropriated result	-463,233	6,563	
Total Net Assets	**1,824,907**	**2,120,939**	5

Profit and loss account

Profit and loss account for the period from 1 January 2022 until 31 December 2022 (x € 1.000)

Profit and loss account	01-01-2022 to 31-12-2022	01-01-2021 to 31-12-2021	Reference
Investment income	39,356	37,371	7
Realized changes in the fair value of investments	-	-	8
Unrealized changes in the fair value of investments	-474,208	9,309	8
Other income	8,274	-5,238	9
Total operating income	**-426,578**	**41,442**	
Management fee	-8,659	-8,960	
Other expenses	47	-42	
Total operating expenses	**-8,612**	**-9,002**	10
Profit after tax	**-435,190**	**32,440**	

Cashflow statement

Cashflow statement for the period 1 January 2022 to 31 December 2022 (x €1,000)

Cashflow statement	01-01-2022 to 31-12-2022	01-01-2021 to 31-12-2021	Reference
Total investment result	-435,190	32,440	
Changes in the fair value of investments	474,208	-9,309	1
Change in the provision for credit losses	-47	42	
Acquisition of investments (-)	-312,087	-477,048	1
Sales and repayments of investments (+)	134,449	116,614	1
Increase (-)/Decrease (+) in receivables	-2,279	-2,260	2
Increase (+)/Decrease (-) in liabilities	1,801	389	4
Net cash flow from investment activities	**-139,145**	**-339,132**	
Issue of participations	198,476	412,935	5
Redemption of participations	-28,741	-45,743	5
Dividend payment	-30,577	-28,081	
Net cash flow from financing activities	**139,158**	**339,111**	
Movement in cash	**13**	**-21**	
Cash per January 1	16	37	3
Cash per December 31	29	16	3
Movement in cash	**13**	**-21**	

Principles of valuation and determination of results

General
ASR Mortgage Fund ('the Fund') is a mutual fund. The Fund consists of two Subfunds with their own risk profiles:

- The Subfund with NHG (National Mortgage Guarantee). This Subfund only includes mortgage receivables with a National Mortgage Guarantee (lower risk profile). This Subfund was established on 12 May 2017;
- The Subfund without NHG (National Mortgage Guarantee). This Subfund only includes mortgage receivables without a National Mortgage Guarantee (higher risk profile). This Subfund was established on 21 March 2017.

The annual report of the Subfund is prepared in accordance with Guideline 615 'Investment Institutions' of the Dutch Accounting Standards Board, in Title 9, Book 2, of the Dutch Civil Code (Burgerlijk Wetboek, "BW") and in the Financial Supervision Act. All amounts included in the annual report are in thousands of euros, unless stated otherwise.
The amounts stated in the tables are rounded figures, therefore rounding differences may occur. The Manager compiled the Financial statements on 6 March 2023.

Reporting period and comparative figures
The annual report covers the period from 1 January 2022 to 31 December 2022. Prior period comparative figures relate to the period 1 January 2021 to 31 December 2021.

Foreign Currency
Transactions in foreign currency are converted at the rate of exchange on the transaction date. Assets and liabilities in foreign currency are converted into euros at the rate of exchange on the balance sheet date.

Currency differences arising from the conversion are presented in the profit and loss account under realized and unrealized changes in the fair value of investments.

No investments in foreign currency were recorded within the Fund as at 31 December 2022.

Manager
a.s.r. vermogensbeheer is the manager within the meaning of Section 1.1 of the Financial Supervision Act (Wet op het financieel toezicht, hereinafter referred to as the Wft). The Manager is responsible for managing the fund assets in accordance with the investment policy and performing the participant administration and financial accounts.
The Manager holds a license granted by the supervisory authority in accordance with Section 2:65 (1) (a) of the Wft and is included in the register kept by the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten, "AFM").

Custodian
Stichting Juridisch Eigenaar ASR Hypotheekfonds acts as the owner (the title holder) in a legal sense, in accordance with the general management and custody conditions, at the expense and risk of the Participants of the Fund. As set out in the Information Memorandum, the Foundation has been appointed as the Custodian of the Fund under the conditions of the Management and Custody Agreement.

Depositary
As set out in the Information Memorandum, the Manager appointed BNP Paribas S.A., Netherlands branch as the Depositary for the Fund. The Depositary is an entity under legal supervision whose legal duties include monitoring cash flows, compliance with the investment policy and ownership verification with regard to the financial assets of the investment funds.

Basis of preparation
The annual report is prepared on a going concern basis. An asset will be recognized in the balance sheet if it is probable that the future economic benefits will flow to the Fund and its value can be reliably determined. A liability will be recognized in the balance sheet if it is probable that its settlement can be associated with an outflow of funds and the extent of the amount can be reliably determined. The manner in which the asset management activities are structured may result in the legal ownership of an asset and/or liability, of which all or nearly all rights to the economic benefits and risks flow to the Fund, vesting with related parties.

Income is recognized in the profit and loss account if an increase in the economic potential associated with an increase in an asset or a decrease in a liability has taken place, the extent of which can be reliably determined. Expenses are recognized if a decrease in the economic potential associated with a decrease in an asset item or an increase in a liability has taken place, the extent of which can be reliably determined.

If a transaction results in (practically) all future economic benefits and risks with regard to an asset item or a liability being transferred to a third party, the asset item or the liability will no longer be recognized in the balance sheet. Furthermore, assets are no longer recognized in the balance sheet from the moment when the probability conditions of the future economic benefits and reliability of the value assessment can no longer be satisfied. A liability will no longer be recognized in the balance sheet from the moment when the probability conditions of the expected outflow of funds and reliability of the value assessment can no longer be satisfied.

Offsetting
A financial asset and a financial liability are netted and entered in the balance sheet as a net amount if there is a legal or contractual right to settle the asset item and the liability whilst being netted at the same time, and there is in addition the intention to settle the items in this manner. The interest income and interest expenses associated with the financial assets and liabilities entered as netted will also be recognized as netted.

Related party transactions
A related party is a party that can exert a predominant policy-setting influence on another party, or can exert a significant influence on the financial and business policy of the other party. Transactions with related parties are performed at rates in line with the market. The Subfund invests in Dutch mortgage receivables recently originated by ASR Levensverzekering N.V. The Fund obtains mortgages by subscribing to a cross section of new mortgage production. The mortgages are valued at the moment of acquisition at the acquisition price (see paragraph below for further explanation).

Investments
The Subfund invests in Dutch mortgage receivables recently originated by ASR Levensverzekering N.V. The Fund obtains mortgages by subscribing to a cross section of new mortgage production. The mortgages are valued at the moment of acquisition at the acquisition price. At the moment of transfer the mortgages are not older than two months and therefore it is presumed that the fair value on the transfer date is equal to the nominal value. Mortgages which at the moment of transfer are more than two months old are valued at the fair value upon acquisition which differs from the nominal value.

At year-end the mortgages are also valued at their fair value. Unrealized and realized changes in the fair value of investments are recognized in the profit and loss account. A revaluation reserve will be created for unrealized changes in fair value, insofar as the fair value exceeds the historic cost price, for the difference between the fair value and the historic cost price.

Valuation of mortgages
The fair value of the mortgages is calculated on the basis of a Discounted Cash Flow (DCF) model. The expected cash flow profile of each individual mortgage will be determined on the basis of the fixed interest duration, the mortgage interest rate, the repayment profile and expected early repayments as a result of demographic factors (for instance relocation) which are independent of the interest rate developments. The expected cash flows are discounted at the a.s.r. day rates of the WelThuis mortgage and adjusted for optionality. The value of the mortgage-specific options are deducted from the DCF, namely (i) the relocation option (the option available to the client to take his mortgage with him when relocating); this is highly dependent on the interest rate, and (ii) the early repayment option (the option available to the client to repay the mortgage early without a penalty); this option is partly driven by the interest rate and partly dependent on consumer trends, and (iii) the offer risk. No deduction for origination costs is included in the discount rate. These costs are part of the all-in management fee (see ‘Management fee’) and are not paid upfront by the Fund (based on specific arrangements between group companies of ASR Nederland N.V.).

The representativity of the a.s.r. day rates is validated on a monthly basis with reference to the average top 10 lowest day rates as observed in the market. In case the a.s.r. day rates are outside the predetermined bandwidth compared to the average day rates, these former will be adjusted in accordance with a fixed margin or surcharge.

For mortgages with payment arrears in excess of 90 days a provision is made amounting to the expected loss which will be deducted from the fair value of mortgages. The calculation of the expected loss is mainly based on the difference between the residual debt and the underlying market value of the collateral.

Cash
Bank account credit balances are stated at fair value, which is the nominal value. Cash includes current account credit balances with banks, any cash at bank and in hand and outstanding time and other deposits insofar as not included in the investments.

Other assets and liabilities
Receivables are initially stated at fair value, including transaction costs. Receivables are subsequently revalued at amortized cost based on the effective interest method, without deducting impairment losses. Provisions are determined on the basis of individual assessment of the recoverability of the receivables.

Current liabilities, accruals and deferred income are initially stated at fair value. Current liabilities, accruals and deferred income are subsequently revalued at amortized cost based on the effective interest method. If there is no premium or discount and there are no transaction costs, the amortized cost is equal to the nominal value of the debt.

Determination of result
The result is determined as the difference between the income and the expenditure. Income and expenditure are allocated to the period to which they relate. Results in foreign currencies are translated into euros at the exchange rates applicable on the transaction date.

Changes in the fair value of investments
Realized changes in value are determined by deducting the average cost price (including purchase costs) from the sales proceeds (including selling costs). Unrealized changes in value are determined by deducting the average cost price (including purchase costs) from the balance sheet value at the end of the financial year.

The realized and unrealized changes in value of investments are presented in the period to which they relate as realized or unrealized changes in the fair value of investments respectively under investment income in the profit and loss account.

The changes in fair value of mortgages are in principle always unrealized since the mortgages are held to the end of the period of maturity, with the exception of the early repayment of the mortgages by the borrower.

Any purchase and sales costs of investments are included in the cost price or deducted respectively from the sales proceeds of the respective investments and therefore form part of the changes in fair value of investments.

Income tax
The Subfund is a closed-end mutual fund and tax transparent, meaning that the fund is not tax liable for income tax and is not subject to the payment of dividend tax.

Management fee
Costs are charged to the Fund by the Manager for the management of the Fund Assets. The provisions made are transferred to the Manager on a monthly basis. The amount of the management fee for each Subfund is 0.45% on an annual basis. This management fee serves also to cover the costs which are payable by a.s.r. vermogensbeheer with regard to origination of mortgages and servicing the mortgage portfolio.

Costs on the issue and redemption of Participations
The Fund does not charge any costs on the issue and redemption of Participations. Mortgages are produced for the reinvestment of cash or to fulfill commitments of new Participants, therefore upon issuance of Participations the offer risk is exclusively allocated to the reinvestment or new Participant. The number of Participations to be issued is calculated on the basis of the fair value of the new mortgages to be purchased. The offer risk relates to the difference between the purchase value of the Participations (on the basis of the fair value of the new mortgages to be purchased) minus the value of the amount paid by the new Participant. This difference is recognized under 'Other operating income'.

Cashflow statement

The cashflow statement has been prepared according to the ‘indirect method’, whereby a distinction is made between cash flows from investment and financing activities. Cash relates to credit balances with banks that are available on demand. In the cash flow from investment activities, the result is adjusted for costs that are not expenditure and proceeds that are not revenue.

Notes to the balance sheet and profit and loss account

1. Investments

The investments can be broken down as follows (x €1,000):

Investments	31-12-2022	31-12-2021
Mortgages	1,809,346	2,105,916
Provision for credit losses	-	-47
Total investments	**1,809,346**	**2,105,869**

The movement in investments during the reporting period was as follows (x €1,000):

Movement schedule of investments	Fair Value 01-01-2022	Purchases	Repayments	Revaluation	Fair Value 31-12-2022
Mortgages	2,105,916	312,087	-134,449	-474,208	1,809,346
Total	**2,105,916**	**312,087**	**-134,449**	**-474,208**	**1,809,346**

Movement schedule of investments	Fair Value 01-01-2021	Purchases	Repayments	Revaluation	Fair Value 31-12-2021
Mortgages	1,736,173	477,048	-116,614	9,309	2,105,916
Total	**1,736,173**	**477,048**	**-116,614**	**9,309**	**2,105,916**

2. Receivables

The receivables have a term of less than one year and can be broken down as follows (x €1,000):

Receivables	31-12-2022	31-12-2021
Mortgage debtors	64	39
Amounts receivable for construction deposits	19,629	17,713
Mortgage interest receivable	3,389	3,126
Other mortgage receivables	12,840	12,765
Total	**35,922**	**33,643**

When mortgages are purchased from ASR Levensverzekering N.V., the full amount including the construction deposit will be settled. The payments from the construction deposit to the borrowers are subsequently settled with the borrowers via ASR Levensverzekering N.V. The receivable of the Fund from ASR Levensverzekering N.V. is recognized as 'Construction deposit amounts receivable'. Other mortgage receivables relate mostly to mortgage repayments of the preceding month.

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3. Cash

Cash relates to credit balances with banks that are available on demand.

4. Current liabilities

The current liabilities all have a term of less than one year and can be broken down as follows (x €1,000):

Current liabilities	31-12-2022	31-12-2021
Management fee payable	-690	-807
Construction deposits amounts payable	-19,629	-17,713
Other liabilities	-71	-69
Total	**-20,390**	**-18,589**

The construction deposit amounts payable relate to the amounts to be settled with the borrower on account of the construction deposit.

5. Issued participation capital, unappropriated result and other reserves

Multi-year overview Subfund with NHG

Net Asset Value	31-12-2022	31-12-2021	31-12-2020
Fund Net Assets (x € 1.000)	1,824,907	2,120,939	1,749,388
Number of participations	208,306	191,952	158,779
Net Asset Value in euros per participation	8,760.71	11,049.30	11,017.77

For investments for which no frequent market quotation is available, a revaluation reserve must be formed for unrealized changes in fair value – insofar as the fair value exceeds the historic cost price. As at 31 December 2022 this amounts to € 0 (31-12-2021 € 124,766).

The development of the subscribed participation (Unit) capital during the reporting period is as follows (x €1,000):

Issued participation capital	01-01-2022 to 31-12-2022	01-01-2021 to 31-12-2021
Balance at the start of the reporting period	2,026,834	1,659,642
Issued during the reporting period	198,476	412,935
Repaid to participants during the reporting period	-28,741	-45,743
Balance at the end of the reporting period	**2,196,569**	**2,026,834**

The movement in the number of participations during the reporting period was as follows:

Movement schedule of number of Participations	Number 01-01-2022	Issue	Redemption	Number 31-12-2022
Subfund with NHG	191,952	19,391	-3,038	208,306

Movement schedule of number of Participations	Number 01-01-2021	Issue	Redemption	Number 31-12-2021
Subfund with NHG	158,779	37,305	-4,132	191,952

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The movement in other reserves during the reporting period was as follows (x €1,000):

Other reserves	01-01-2022 to 31-12-2022	01-01-2021 to 31-12-2021
Balance at the start of the reporting period	87,542	58,018
Addition in the reporting period	6,563	31,728
Dividend payment	-2,534	-2,204
Balance at the end of the reporting period	**91,571**	**87,542**

The movement in unappropriated result during the reporting period was as follows (x €1,000):

Unappropriated result	01-01-2022 to 31-12-2022	01-01-2021 to 31-12-2021
Balance at the start of the reporting period	6,563	31,728
Profit distribution in the previous financial year	-6,563	-31,728
Result of the current financial year	-435,190	32,440
Dividend paid with regard to current reporting period	-28,043	-25,877
Balance at the end of the reporting period	**-463,233**	**6,563**

6. Contingent assets and liabilities

There are no contingent assets and liabilities

7. Investment income

The investment income can be specified as follows (x €1,000):

Investment income	01-01-2022 to 31-12-2022	01-01-2021 to 31-12-2021
Interest from mortgages	39,360	37,386
Interest from cash	-4	-15
Total	**39,356**	**37,371**

8. Changes in the fair value of investments

The realized changes in the fair value of the investments are the results from sales, including any selling costs.
The unrealized changes in the fair value of investments held include any purchasing costs.

The realized changes in the fair value of investments can be specified as follows (x €1,000):

Realized changes in the fair value of investments	01-01-2022 to 31-12-2022 (positive)	01-01-2022 to 31-12-2022 (negative)	01-01-2021 to 31-12-2021 (positive)	01-01-2021 to 31-12-2021 (negative)
Mortgages	-	-	-	-
Total	**-**	**-**	**-**	**-**

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The unrealized changes in the fair value of investments can be broken down as follows (x €1,000):

Realized changes in the fair value of investments	01-01-2022 to 31-12-2022 (positive)	01-01-2022 to 31-12-2022 (negative)	01-01-2021 to 31-12-2021 (positive)	01-01-2021 to 31-12-2021 (negative)
Mortgages	-	-474,208	16,412	-7,103
Total	**-**	**-474,208**	**16,412**	**-7,103**

9. Other income

Mortgages are produced for the reinvestment of cash or to fulfill commitments of new Participants, therefore upon issuance of Participations the offer risk is exclusively allocated to the reinvestment or new Participant. The number of Participations to be issued is calculated on the basis of the fair value of the new mortgages to be purchased. The offer risk relates to the difference between the purchase value of the Participations (on the basis of the fair value of the new mortgages to be purchased) minus the value of the amount paid by the new Participant. This difference is recognized under 'Other operating income'.

10. Operating expenses

The operating expenses can be broken down as follows (x €1,000):

Operating expenses	01-01-2022 to 31-12-2022	01-01-2021 to 31-12-2021
Management fee	-8,659	-8,960
Other expenses	47	-42
Total	**-8,612**	**-9,002**

Other expenses refer to the change in the provision for credit losses.

Ongoing Charges Figure (OCF)

	Information Memorandum	01-01-2022 to 31-12-2022	01-01-2021 to 31-12-2021
Subfund with NHG	0.45%	0.45%	0.45%

The Ongoing Charges Figure (OCF) includes all costs charged to the Fund in the reporting period including the management and service fee of the underlying funds and pools, excluding the interest charges, any taxes and transaction costs as a result of the acquisitions and disposals of investments which the Subfund carries out. The OCF is calculated by dividing the total costs in the reporting period by the average net asset value of the Subfund.

The average net asset value of the Fund is the sum of the net asset values divided by the number of times at which the net asset value is calculated during the reporting year. The net asset value is calculated twice a month for the mortgage fund. The number of measurement points is considered as the weighted average.

Portfolio Turnover Rate (PTR)

	01-01-2022 to 31-12-2022	01-01-2021 to 31-12-2021
Subfund with NHG	11.39%	6.79%

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The Portfolio Turnover Ratio (PTR) provides an indication of the turnover rate of the investments relative to the average fund capital and is a benchmark for the degree to which an investment policy is active. For example, a turnover ratio of 200% indicates that purchase and sales transactions amounting to twice the value of the average fund capital have been executed in addition to purchase and sales transactions resulting from subscriptions and redemptions.

In the calculation used, the turnover is equal to the sum of purchases and sales of investments in the reporting period less the sum of issues and redemptions of participations. This includes all investment categories except deposits with an original term of less than one month. The PTR is determined by the turnover expressed as a percentage of the average Net Asset Value of the Subfund, calculated in the same way as when determining the OCF for the reporting period.

Related party transactions

The Subfund has the following relations with related parties:

- a.s.r. vermogensbeheer is the Manager of the Fund and charges a management fee;
- The Subfund invests in Dutch mortgage receivables recently originated by ASR Levensverzekering N.V. The Subfund obtains mortgages by subscribing to a cross section of new mortgage production. The mortgages are valued at the moment of acquisition at the acquisition price. The total value of the acquisitions during the financial year is evident from the movement schedule of investments.
- Group companies of ASR Nederland participate for an amount of € 155.8 million in the Subfund with NHG (17,789 participations).
- ASR Vooruit Mixfondsen and ASR Pensioen Mixfondsen participate for an amount of € 88.8 million in the Subfund with NHG (10,140 participations).

Transactions with related parties are performed at rates in line with the market.

Other

Entry charges, exit charges, management fees and service fees are exempt from VAT.

Profit appropriation

Following the adoption of the annual report, the unappropriated result is added to the other reserves as part of the fund assets.

Proposed dividend

Every month the Subfund pays the interest result of the previous month to the Participants, which is equal to the interest received less the interest paid and the management fee. Upon adoption of the annual report the interest result on an annual basis will be determined and following from this any surplus / deficit will be settled with the Participants.

Surplus / deficit to be settled (x €1,000)	01-01-2022 to 31-12-2022
Investment income	39,356
Management fee	-8,659
Dividend paid during the reporting period	-30,577
Dividend paid with regard to previous reporting period	2,534
Surplus / deficit to be settled	**2,654**

The surplus of € 2,654 relates to the interest result for December and was paid to the Participants in January 2023.

Events subsequent to the balance sheet date

No events occurred in the period up to the preparation of this annual report that require any changes or explanatory notes to the Financial statements.

SIGNING OF THE FINANCIAL STATEMENTS
Utrecht, 6 March 2023

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ASR Vermogensbeheer N.V.
On behalf of Subfund with NHG

The management board,

Mr. J.T.M. Julicher (director)
Mr. M.R. Lavooi (director)
Mrs. W.M. Schouten (director)
Mr. P. Klijnsmit (director)

Other information

Independent auditor's report
To: the General Meeting and the Supervisory Board of ASR Mortgage Fund - Subfund with Dutch National Mortgage Guarantee

Report on the audit of the accompanying financial statements

Our opinion
We have audited the financial statements 2022 of ASR Mortgage Fund - Subfund with Dutch National Mortgage Guarantee ('the Fund'), based in Utrecht.

In our opinion the accompanying financial statements give a true and fair view of the financial position of ASR Mortgage Fund - Subfund with Dutch National Mortgage Guarantee as at 31 December 2022, and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:
1 the balance sheet as at 31 December 2022;
2 the profit and loss account for 2022; and
3 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 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of ASR Mortgage Fund - Subfund with Dutch National Mortgage Guarantee in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of fraud and non-compliance with laws and regulations and going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

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

Information in support of our opinion

Audit response to the risk of fraud and non-compliance with laws and regulations
In chapter Risk Management of the management board report, the management board describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations and the supervisory board reflects on this. As part of our audit, we have gained insights into the Fund and its business environment, and assessed the design and implementation of the Fund's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Fund's code of conduct, whistleblowing procedures, incidents register and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with management, those charged with governance and other relevant functions, such as Internal Audit, Risk Management and Compliance. As part of our audit procedures, we:
- obtained an understanding of how the Fund uses information technology (IT) and the impact of IT on the financial statements, including the potential for cybersecurity incidents to have a material impact on the financial statements;
- assessed other positions held by management board members and/or other employees and paid special attention to procedures and governance/compliance in view of possible conflicts of interest;
- evaluated investigation reports on indications of possible fraud and non-compliance, if any;
- evaluated correspondence with supervisory authorities and regulators.

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In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Fund and identified the following areas as those most likely to have a material effect on the financial statements:
- the requirements by or pursuant to the Act on Financial Supervision (Wet op het financieel toezicht, Wft);
- the law on the prevention of money laundering and terrorist financing (Wwft).

We evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements. We rebutted the presumed fraud risk on revenue recognition as the fund invests in mortgage loans that generate interest income based on contractual agreements. The servicing and administration of the mortgage loans (including the interest income calculation and collection) is outsourced to an external party. Furthermore, the calculation of interest income is non-complex and predictable.

Based on the above and on the auditing standards, we identified the following fraud risk that is relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

Management override of controls (a presumed risk)

Risk:
Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively such as estimates related to the valuation of mortgages.

Responses:
- We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud and non-compliance risks, such as processes related to journal entries and estimates.
- We performed a data analysis of high-risk journal entries related to manual post-closing entries and evaluated key estimates and judgments for bias by the Fund's management, including retrospective reviews of prior years' estimates with respect to valuation of mortgages. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.

We communicated our risk assessment, audit responses and results to management and the Supervisory Board.
Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to going concern
The management board has performed its going concern assessment and has not identified any going concern risks.
To assess the management board's assessment, we have performed, inter alia, the following procedures:
- we considered whether the management board's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we analysed the Fund's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code regarding the management report and the other information.

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We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The manager is responsible for the preparation of the other information, including the management report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of the responsibilities for the financial statements

Responsibilities of the manager and the Supervisory Board for the financial statements

The manager is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the manager is responsible for such internal control as the manager determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the manager is responsible for assessing the Fund's ability to continue as a going concern. Based on the financial reporting framework mentioned, the manager should prepare the financial statements using the going concern basis of accounting unless the manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so. The manager should disclose events and circumstances that may cast significant doubt on the Fund's ability to continue as a going concern in the financial statements.

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

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit. Misstatements can arise from fraud or errors 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 the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining 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 errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining 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 Fund's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the manager;
- concluding on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund ceasing to continue as a going concern;

- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Utrecht, 6 March 2023
KPMG Accountants N.V.

G.J. Hoeve RA

Financial statements 2022 Subfund without Dutch National Mortgage Guarantee

Balance sheet

Balance sheet as at 31 December 2022 (before appropriation of the result x €1,000)

Balance sheet	31-12-2022	31-12-2021	Reference
Investments			
Mortgages	5,899,089	5,885,174	
Total investments	**5,899,089**	**5,885,174**	1
Receivables	140,601	143,335	2
Other assets			
Cash	58	12	3
Current liabilities	-92,150	-81,249	4
Receivables and other assets less current liabilities	**48,509**	**62,098**	
Assets less current liabilities	**5,947,598**	**5,947,272**	
Issued participation capital	7,064,753	5,679,509	
Other reserves	259,406	170,545	
Unappropriated result	-1,376,561	97,218	
Total Net Assets	**5,947,598**	**5,947,272**	5

Profit and loss account

Profit and loss account for the period from 1 January 2022 until 31 December 2022 (x € 1.000)

Profit and loss account	01-01-2022 to 31-12-2022	01-01-2021 to 31-12-2021	Reference
Investment income	134,421	109,100	7
Realized changes in the fair value of investments	-1,045	-53	8
Unrealized changes in the fair value of investments	-1,502,953	111,986	8
Other income	117,410	-22,940	9
Total operating income	**-1,252,167**	**198,093**	
Management fee	-26,583	-22,867	
Other expenses	142	-132	
Total operating expenses	**-26,441**	**-22,999**	10
Profit after tax	**-1,278,608**	**175,094**	

Cashflow statement

Cashflow statement for the period 1 January 2022 to 31 December 2022 (x €1,000)

Cashflow statement	01-01-2022 to 31-12-2022	01-01-2021 to 31-12-2021	Reference
Total investment result	-1,278,608	175,094	
Changes in the fair value of investments	1,503,998	-111,933	1
Change in the provision for credit losses	-143	132	
Acquisition of investments (-)	-1,983,009	-1,647,628	1
Sales and repayments of investments (+)	465,239	330,949	1
Increase (-)/Decrease (+) in receivables	2,734	-40,031	2
Increase (+)/Decrease (-) in liabilities	10,901	14,113	4
Net cash flow from investment activities	**-1,278,888**	**-1,279,304**	
Issue of participations	1,574,051	1,534,647	5
Redemption of participations	-188,807	-170,638	5
Dividend payment	-106,310	-84,693	
Net cash flow from financing activities	**1,278,934**	**1,279,316**	
Movement in cash	**46**	**12**	
Cash per January 1	12	-	3
Cash per December 31	58	12	3
Movement in cash	**46**	**12**	

Principles of valuation and determination of results

General
ASR Mortgage Fund ('the Fund') is a mutual fund. The Fund consists of two Subfunds with their own risk profiles:

- The Subfund with NHG (National Mortgage Guarantee). This Subfund only includes mortgage receivables with a National Mortgage Guarantee (lower risk profile). This Subfund was established on 12 May 2017;
- The Subfund without NHG (National Mortgage Guarantee). This Subfund only includes mortgage receivables without a National Mortgage Guarantee (higher risk profile). This Subfund was established on 21 March 2017.

The annual report of the Subfund is prepared in accordance with Guideline 615 'Investment Institutions' of the Dutch Accounting Standards Board, in Title 9, Book 2, of the Dutch Civil Code (Burgerlijk Wetboek, "BW") and in the Financial Supervision Act. All amounts included in the annual report are in thousands of euros, unless stated otherwise.
The amounts stated in the tables are rounded figures, therefore rounding differences may occur. The Manager compiled the Financial statements on 6 March 2023.

Reporting period and comparative figures
The annual report covers the period from 1 January 2022 to 31 December 2022. Prior period comparative figures relate to the period 1 January 2021 to 31 December 2021.

Foreign Currency
Transactions in foreign currency are converted at the rate of exchange on the transaction date. Assets and liabilities in foreign currency are converted into euros at the rate of exchange on the balance sheet date.

Currency differences arising from the conversion are presented in the profit and loss account under realized and unrealized changes in the fair value of investments.

No investments in foreign currency were recorded within the Fund as at 31 December 2022.

Manager
a.s.r. vermogensbeheer is the manager within the meaning of Section 1.1 of the Financial Supervision Act (Wet op het financieel toezicht, hereinafter referred to as the Wft). The Manager is responsible for managing the fund assets in accordance with the investment policy and performing the participant and financial accounts. The Manager holds a license granted by the supervisory authority in accordance with Section 2:65 (1) (a) of the Wft and is included in the register kept by the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten, AFM).

Custodian
Stichting Juridisch Eigenaar ASR Hypotheekfonds acts as the owner (the title holder) in a legal sense, in accordance with the general management and custody conditions, at the expense and risk of the Participants of the Fund. As set out in the Information Memorandum, the Foundation has been appointed as the Custodian of the Fund under the conditions of the Management and Custody Agreement.

Depositary
As set out in the Information Memorandum, the Manager appointed BNP Paribas S.A., Netherlands branch as the Depositary for the Fund. The Depositary is an entity under legal supervision whose legal duties include monitoring cash flows, compliance with the investment policy and ownership verification with regard to the financial assets of the investment funds.

Basis of preparation
The annual report is prepared on a going concern basis. An asset will be recognized in the balance sheet if it is probable that the future economic benefits will flow to the Fund and its value can be reliably determined. A liability will be recognized in the balance sheet if it is probable that its settlement can be associated with an outflow of funds and the extent of the amount can be reliably determined. The manner in which the asset management activities are structured may result in the legal ownership of an asset and/or liability, of which all or nearly all rights to the economic benefits and risks flow to the Fund, vesting with related parties.

Income is recognized in the profit and loss account if an increase in the economic potential associated with an increase in an asset or a decrease in a liability has taken place, the extent of which can be reliably determined. Expenses are recognized if a decrease in the economic potential associated with a decrease in an asset item or an increase in a liability has taken place, the extent of which can be reliably determined.

If a transaction results in (practically) all future economic benefits and risks with regard to an asset item or a liability being transferred to a third party, the asset item or the liability will no longer be recognized in the balance sheet. Furthermore, assets are no longer recognized in the balance sheet from the moment when the probability conditions of the future economic benefits and reliability of the value assessment can no longer be satisfied. A liability will no longer be recognized in the balance sheet from the moment when the probability conditions of the expected outflow of funds and reliability of the value assessment can no longer be satisfied.

Offsetting
A financial asset and a financial liability are netted and entered in the balance sheet as a net amount if there is a legal or contractual right to settle the asset item and the liability whilst being netted at the same time, and there is in addition the intention to settle the items in this manner. The interest income and interest expenses associated with the financial assets and liabilities entered as netted will also be recognized as netted.

Related party transactions
A related party is a party that can exert a predominant policy-setting influence on another party, or can exert a significant influence on the financial and business policy of the other party. Transactions with related parties are performed at rates in line with the market. The Subfund invests in Dutch mortgage receivables recently originated by ASR Levensverzekering N.V. The Fund obtains mortgages by subscribing to a cross section of new mortgage production. The mortgages are valued at the moment of acquisition at the acquisition price (see paragraph below for further explanation).

Investments
The Subfund invests in Dutch mortgage receivables recently originated by ASR Levensverzekering N.V. The Fund obtains mortgages by subscribing to a cross section of new mortgage production. The mortgages are valued at the moment of acquisition at the acquisition price. At the moment of transfer the mortgages are not older than two months and therefore it is presumed that the fair value on the transfer date is equal to the nominal value. Mortgages which at the moment of transfer are more than two months old are valued at the fair value upon acquisition which differs from the nominal value.

At year-end the mortgages are also valued at their fair value. Unrealized and realized changes in the fair value of investments are recognized in the profit and loss account. A revaluation reserve will be created for unrealized changes in fair value, insofar as the fair value exceeds the historic cost price, for the difference between the fair value and the historic cost price.

Valuation of mortgages
The fair value of the mortgages is calculated on the basis of a Discounted Cash Flow (DCF) model. The expected cash flow profile of each individual mortgage will be determined on the basis of the fixed interest duration, the mortgage interest rate, the repayment profile and expected early repayments as a result of demographic factors (for instance relocation) which are independent of the interest rate developments. The expected cash flows are discounted at the a.s.r. day rates of the WelThuis mortgage and adjusted for optionality. The value of the mortgage-specific options are deducted from the DCF, namely (i) the relocation option (the option available to the client to take his mortgage with him when relocating); this is highly dependent on the interest rate, and (ii) the early repayment option (the option available to the client to repay the mortgage early without a penalty); this option is partly driven by the interest rate and partly dependent on consumer trends, and (iii) the offer risk. No deduction for origination costs is included in the discount rate. These costs are part of the all-in management fee (see ‘Management fee’) and are not paid upfront by the Fund (based on specific arrangements between group companies of ASR Nederland N.V.).

The representativity of the a.s.r. day rates is validated on a monthly basis with reference to the average top 10 lowest day rates as observed in the market. In case the a.s.r. day rates are outside the predetermined bandwidth compared to the average day rates, these former will be adjusted in accordance with a fixed margin or surcharge.

For mortgages with payment arrears in excess of 90 days a provision is made amounting to the expected loss which will be deducted from the fair value of mortgages. The calculation of the expected loss is mainly based on the difference between the residual debt and the underlying market value of the collateral.

Cash

Bank account credit balances are stated at fair value, which is the nominal value. Cash includes current account credit balances with banks, any cash at bank and in hand and outstanding time and other deposits insofar as not included in the investments.

Other assets and liabilities

Receivables are initially stated at fair value, including transaction costs. Receivables are subsequently revalued at amortized cost based on the effective interest method, without deducting impairment losses. Provisions are determined on the basis of individual assessment of the recoverability of the receivables.

Current liabilities, accruals and deferred income are initially stated at fair value. Current liabilities, accruals and deferred income are subsequently revalued at amortized cost based on the effective interest method. If there is no premium or discount and there are no transaction costs, the amortized cost is equal to the nominal value of the debt.

Determination of result

The result is determined as the difference between the income and the expenditure. Income and expenditure are allocated to the period to which they relate. Results in foreign currencies are translated into euros at the exchange rates applicable on the transaction date.

Changes in the fair value of investments

Realized changes in value are determined by deducting the average cost price (including purchase costs) from the sales proceeds (including selling costs). Unrealized changes in value are determined by deducting the average cost price (including purchase costs) from the balance sheet value at the end of the financial year.

The realized and unrealized changes in value of investments are presented in the period to which they relate as realized or unrealized changes in the fair value of investments respectively under investment income in the profit and loss account.

The changes in fair value of mortgages are in principle always unrealized since the mortgages are held to the end of the period of maturity, with the exception of the early repayment of the mortgages by the borrower.

Any purchase and sales costs of investments are included in the cost price or deducted respectively from the sales proceeds of the respective investments and therefore form part of the changes in fair value of investments.

Income tax

The Subfund is a closed-end mutual fund and tax transparent, meaning that the fund is not tax liable for income tax and is not subject to the payment of dividend tax.

Management fee

Costs are charged to the Fund by the Manager for the management of the Fund Assets. The provisions made are transferred to the Manager on a monthly basis. The amount of the management fee for each Subfund is 0.45% on an annual basis. This management fee serves also to cover the costs which are payable by a.s.r. vermogensbeheer with regard to origination of mortgages and servicing the mortgage portfolio.

Costs on the issue and redemption of Participations

The Fund does not charge any costs on the issue and redemption of Participations. Mortgages are produced for the reinvestment of cash or to fulfill commitments of new Participants, therefore upon issuance of Participations the offer risk is exclusively allocated to the reinvestment or new Participant. The number of Participations to be issued is calculated on the basis of the fair value of the new mortgages to be purchased. The offer risk relates to the difference between the purchase value of the Participations (on the basis of the fair value of the new mortgages to be purchased) minus the value of the amount paid by the new Participant. This difference is recognized under 'Other operating income'.

Cashflow statement

The cashflow statement has been formulated according to the so-called 'indirect method' making a distinction between cash flows from investment and financing activities. Cash relates to demand deposits held by banks. With regard to the cash flow from investment activities the result is adjusted for costs not being expenditure and income not being revenue.

Notes to the balance sheet and profit and loss account

1. Investments

The investments can be broken down as follows (x €1,000):

Investments	31-12-2022	31-12-2021
Mortgages	5,899,089	5,885,317
Provision for credit losses	-	-143
Total investments	**5,899,089**	**5,885,174**

The movement in investments during the reporting period was as follows (x €1,000):

Movement schedule of investments	Fair Value 01-01-2022	Purchases	Repayments	Revaluation	Fair Value 31-12-2022
Mortgages	5,885,317	1,983,009	-465,239	-1,503,998	5,899,089
Total	**5,885,317**	**1,983,009**	**-465,239**	**-1,503,998**	**5,899,089**

Movement schedule of investments	Fair Value 01-01-2021	Purchases	Repayments	Revaluation	Fair Value 31-12-2021
Mortgages	4,456,705	1,647,628	-330,949	111,933	5,885,317
Total	**4,456,705**	**1,647,628**	**-330,949**	**111,933**	**5,885,317**

The net present value calculation is used for the valuation of mortgages. Please refer to the principles of value calculation for the assumptions applied. At 31 December 2022 the provision for credit losses amounted to € 0 (31 December 2021: € 143).

2. Receivables

The receivables have a term of less than one year and can be broken down as follows (x €1,000):

Receivables	31-12-2022	31-12-2021
Mortgage debtors	104	73
Amounts receivable for construction deposits	89,704	78,869
Mortgage interest receivable	12,292	9,793
Other mortgage receivables	38,501	54,600
Total	**140,601**	**143,335**

When mortgages are purchased from ASR Levensverzekering N.V., the full amount including the construction deposit will be settled. The payments from the construction deposit to the borrowers are subsequently settled with the borrowers via ASR Levensverzekering N.V. The receivable of the Fund from ASR Levensverzekering N.V. is recognized as ' Construction deposit amounts receivable'. Other mortgage receivables relate mostly to mortgage repayments of the preceding month.

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3. Cash

Cash relates to credit balances with banks that are available on demand.

4. Current liabilities

The current liabilities all have a term of less than one year and can be broken down as follows (x €1,000):

Current liabilities	31-12-2022	31-12-2021
Management fee payable	-2,257	-2,250
Construction deposits amounts payable	-89,704	-78,869
Other liabilities	-189	-130
Total	**-92,150**	**-81,249**

The construction deposits amounts payable relate to the amounts to be settled with the borrower on account of the construction deposit.

5. Issued participation capital, unappropriated result and other reserves

Multi-year overview Subfund without NHG

Net Asset Value	31-12-2022	31-12-2021	31-12-2020
Fund Net Assets (x € 1.000)	5,947,598	5,947,272	4,492,862
Number of participations	678,795	538,635	414,672
Net Asset Value in euros per participation	8,761.99	11,041.37	10,834.73

For investments for which no frequent market quotation is available, a revaluation reserve must be formed for unrealized changes in fair value – insofar as the fair value exceeds the historic cost price. As at 31 December 2022 this amounts to € 0 (31 December 2021: € 351,193).

The development of the subscribed participation (Unit) capital during the reporting period is as follows (x €1,000):

Issued participation capital	01-01-2022 to 31-12-2022	01-01-2021 to 31-12-2021
Balance at the start of the reporting period	5,679,509	4,315,500
Issued during the reporting period	1,574,051	1,534,647
Repaid to participants during the reporting period	-188,807	-170,638
Balance at the end of the reporting period	**7,064,753**	**5,679,509**

The movement in the number of participations during the reporting period was as follows:

Movement schedule of number of Participations	Number 01-01-2022	Issue	Redemption	Number 31-12-2022
Subfund without NHG	538,635	161,069	-20,909	678,795

Movement schedule of number of Participations	Number 01-01-2021	Issue	Redemption	Number 31-12-2021
Subfund without NHG	414,672	139,485	-15,522	538,635

The movement in other reserves during the reporting period was as follows (x €1,000):

Other reserves	01-01-2022 to 31-12-2022	01-01-2021 to 31-12-2021
Balance at the start of the reporting period	170,545	152,184
Addition in the reporting period	97,218	25,178
Dividend payment	-8,357	-6,817
Balance at the end of the reporting period	**259,406**	**170,545**

The movement in unappropriated result during the reporting period was as follows (x €1,000):

Unappropriated result	01-01-2022 to 31-12-2022	01-01-2021 to 31-12-2021
Balance at the start of the reporting period	97,218	25,178
Profit distribution in the previous financial year	-97,218	-25,178
Result of the current financial year	-1,278,608	175,094
Dividend paid with regard to current reporting period	-97,953	-77,876
Balance at the end of the reporting period	**-1,376,561**	**97,218**

6. Contingent assets and liabilities

There are no contingent assets and liabilities

7. Investment income

The investment income can be specified as follows (x €1,000):

Investment income	01-01-2022 to 31-12-2022	01-01-2021 to 31-12-2021
Interest from mortgages	134,433	109,127
Interest from cash	-12	-27
Total	**134,421**	**109,100**

8. Changes in the fair value of investments

The realized changes in the fair value of the investments are the results from sales, including any selling costs. The unrealized changes in the fair value of investments held include any purchasing costs.

The realized changes in the fair value of investments can be specified as follows (x €1,000):

Realized changes in the fair value of investments	01-01-2022 to 31-12-2022 (positive)	01-01-2022 to 31-12-2022 (negative)	01-01-2021 to 31-12-2021 (positive)	01-01-2021 to 31-12-2021 (negative)
Mortgages	-	-1,045	-	-53
Total	**-**	**-1,045**	**-**	**-53**

The unrealized changes in the fair value of investments can be broken down as follows (x €1,000):

Unrealized changes in the fair value of investments	01-01-2022 to 31-12-2022 (positive)	01-01-2022 to 31-12-2022 (negative)	01-01-2021 to 31-12-2021 (positive)	01-01-2021 to 31-12-2021 (negative)
Mortgages	-	-1,502,953	127,150	-15,164
Total	**-**	**-1,502,953**	**127,150**	**-15,164**

9. Other income

Mortgages are produced for the reinvestment of cash or to fulfill commitments of new Participants, therefore upon issuance of Participations the offer risk is exclusively allocated to the reinvestment or new Participant. The number of Participations to be issued is calculated on the basis of the fair value of the new mortgages to be purchased. The offer risk relates to the difference between the purchase value of the Participations (on the basis of the fair value of the new mortgages to be purchased) minus the value of the amount paid by the new Participant. This difference is recognized under 'Other operating income'.

10. Operating expenses

The operating expenses can be broken down as follows (x €1,000):

Operating expenses	01-01-2022 to 31-12-2022	01-01-2021 to 31-12-2021
Management fee	-26,583	-22,867
Other expenses	142	-132
Total	**-26,441**	**-22,999**

Ongoing Charges Figure (OCF)

	Information Memorandum	01-01-2022 to 31-12-2022	01-01-2021 to 31-12-2021
Subfund without NHG	0.45%	0.45%	0.45%

The Ongoing Charges Figure (OCF) includes all costs charged to the Fund in the reporting period including the management and service fee of the underlying funds and pools, excluding the interest charges, any taxes and transaction costs as a result of the acquisitions and disposals of investments which the Subfund carries out. The OCF is calculated by dividing the total costs in the reporting period by the average net asset value of the Subfund.

The average net asset value of the Fund is the sum of the net asset values divided by the number of times at which the net asset value is calculated during the reporting year. The net asset value is calculated twice a month for the mortgage fund. The number of measurement points is considered as the weighted average.

Portfolio Turnover Rate (PTR)

	01-01-2022 to 31-12-2022	01-01-2021 to 31-12-2021
Subfund without NHG	11.61%	5.39%

The Portfolio Turnover Ratio (PTR) provides an indication of the turnover rate of the investments relative to the average fund capital and is a benchmark for the degree to which an investment policy is active. For example, a turnover ratio of 200% indicates that purchase and sales transactions amounting to twice the value of the average fund capital have been executed in addition to purchase and sales transactions resulting from subscriptions and redemptions.

In the calculation used, the turnover is equal to the sum of purchases and sales of investments in the reporting period less the sum of issues and redemptions of participations. This includes all investment categories except deposits with an original term of less than one month. The PTR is determined by the turnover expressed as a percentage of the average Net Asset Value of the Subfund, calculated in the same way as when determining the OCF for the reporting period.

Related party transactions

The Subfund has the following relations with related parties:

- a.s.r. vermogensbeheer is the Manager of the Fund and charges a management fee;
- The Subfund invests in Dutch mortgage receivables recently originated by ASR Levensverzekering N.V. The Subfund obtains mortgages by subscribing to a cross section of new mortgage production. The mortgages are valued at the moment of acquisition at the acquisition price. The total value of the acquisitions during the financial year is evident from the movement schedule of investments.
- Group companies of ASR Nederland participate for an amount of € 528.9 million in the Subfund without NHG (60,358 participations).
- ASR Vooruit Mixfondsen and ASR Pensioen Mixfondsen participate for an amount of € 164.6 million in the Subfund with NHG (18,781 participations).

Transactions with related parties are performed at rates in line with the market.

Other

Entry charges, exit charges, management fees and service fees are exempt from VAT.

Profit appropriation

Following the adoption of the annual report, the unappropriated result is added to the other reserves as part of the fund assets.

Proposed dividend

Every month the Subfund pays the interest result of the previous month to the Participants, which is equal to the interest received less the interest paid and the management fee. Upon adoption of the annual report the interest result on an annual basis will be determined and following from this any surplus / deficit will be settled with the Participants.

Surplus / deficit to be settled (x €1,000)	01-01-2022 to 31-12-2022
Investment income	134,421
Management fee	-26,583
Dividend paid during the reporting period	-106,310
Dividend paid with regard to previous reporting period	8,357
Surplus / deficit to be settled	**9,885**

The surplus of € 9,885 relates to the interest result for December and was paid to the Participants in January 2023.

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Events subsequent to the balance sheet date

No events occurred in the period up to the preparation of this annual report that require any changes or explanatory notes to the Financial statements.

SIGNING OF THE FINANCIAL STATEMENTS
Utrecht, 6 March 2023

ASR Vermogensbeheer N.V.
On behalf of Subfund without NHG

The management board,

Mr. J.T.M. Julicher (director)
Mr. M.R. Lavooi (director)
Mrs. W.M. Schouten (director)
Mr. P. Klijnsmit (director)

Other information

Independent auditor's report
To: the General Meeting and the Supervisory Board of ASR Mortgage Fund - Subfund without Dutch National Mortgage Guarantee

Report on the audit of the accompanying financial statements

Our opinion
We have audited the financial statements 2022 of ASR Mortgage Fund - Subfund without Dutch National Mortgage Guarantee ('the Fund'), based in Utrecht.

In our opinion the accompanying financial statements give a true and fair view of the financial position of ASR Mortgage Fund - Subfund without Dutch National Mortgage Guarantee as at 31 December 2022, and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:
1 the balance sheet as at 31 December 2022;
2 the profit and loss account for 2022; and
3 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 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of ASR Mortgage Fund - Subfund without Dutch National Mortgage Guarantee in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of fraud and non-compliance with laws and regulations and going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

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

Information in support of our opinion

Audit response to the risk of fraud and non-compliance with laws and regulations
In chapter Risk Management of the management board report, the management board describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations and the supervisory board reflects on this.
As part of our audit, we have gained insights into the Fund and its business environment, and assessed the design and implementation of the Fund's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Fund's code of conduct, whistleblowing procedures, incidents register and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with management, those charged with governance and other relevant functions, such as Internal Audit , Risk Management and Compliance. As part of our audit procedures, we:
- obtained an understanding of how the Fund uses information technology (IT) and the impact of IT on the financial statements, including the potential for cybersecurity incidents to have a material impact on the financial statements;
- assessed other positions held by management board members and/or other employees and paid special attention to procedures and governance/compliance in view of possible conflicts of interest;
- evaluated investigation reports on indications of possible fraud and non-compliance, if any;
- evaluated correspondence with supervisory authorities and regulators.

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In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Fund and identified the following areas as those most likely to have a material effect on the financial statements:
- the requirements by or pursuant to the Act on Financial Supervision (Wet op het financieel toezicht, Wft);
- the law on the prevention of money laundering and terrorist financing (Wwft).

We evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements. We rebutted the presumed fraud risk on revenue recognition as the fund invests in mortgage loans that generate interest income based on contractual agreements. The servicing and administration of the mortgage loans (including the interest income calculation and collection) is outsourced to an external party. Furthermore, the calculation of interest income is non-complex and predictable.

Based on the above and on the auditing standards, we identified the following fraud risk that is relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

Management override of controls (a presumed risk)

Risk:
Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively such as estimates related to the valuation of mortgages.

Responses:
- We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud and non-compliance risks, such as processes related to journal entries and estimates.
- We performed a data analysis of high-risk journal entries related to manual post-closing entries and evaluated key estimates and judgments for bias by the Fund's management, including retrospective reviews of prior years' estimates with respect to valuation of mortgages. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.

We communicated our risk assessment, audit responses and results to management and the Supervisory Board.
Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to going concern
The management board has performed its going concern assessment and has not identified any going concern risks.
To assess the management board's assessment, we have performed, inter alia, the following procedures:
- we considered whether the management board's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we analysed the Fund's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code regarding the management report and the other information.

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We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.
The manager is responsible for the preparation of the other information, including the management report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of the responsibilities for the financial statements

Responsibilities of the manager and the Supervisory Board for the financial statements

The manager is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the manager is responsible for such internal control as the manager determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the manager is responsible for assessing the Fund's ability to continue as a going concern. Based on the financial reporting framework mentioned, the manager should prepare the financial statements using the going concern basis of accounting unless the manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so. The manager should disclose events and circumstances that may cast significant doubt on the Fund's ability to continue as a going concern in the financial statements.

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

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit. Misstatements can arise from fraud or errors 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 the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining 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 errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining 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 Fund's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the manager;
- concluding on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund ceasing to continue as a going concern;

- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Utrecht, 6 March 2023
KPMG Accountants N.V.

G.J. Hoeve RA

Appendices

ANNEX IV

Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: ASR Mortgage Subfund NHG
Legal entity identifier: 724500MQJNFZAYPMCW50

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It made **sustainable investments with an environmental objective:** ___%	☒ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 4.65% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☒ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

The definition of sustainable investments is currently still being developed, both the more detailed explanation of the legislation and in the market. Based on these developments, a.s.r. will be able to update the minimum and the definition of sustainable investments in 2023. a.s.r. defines sustainability funding and first-time buyers mortgages as sustainable investments, more information in the section "What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?"

To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Subfund promotes the following three ecological characteristics and one social characteristic:

<u>**Ecological characteristics:**</u> **The Subfund promoted energy efficiency and sustainability of the housing market, in particular the houses for which mortgages were provided and by collaborating with other financial service providers.**

1. **Sustainability funding for new and existing mortgages:** With sustainability funding, a.s.r. facilitates borrowers with accessible and attractive financing for making their home more energy-efficient by taking sustainability measures, for example by isolating the roof. The sustainability funding is part of the

sustainable investments. Per 31 December 2022, this Fund has 1.29% outstanding in sustainability funding. More information in the section “What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?”

2. **Implicit improvement energy efficiency of houses:** as a result of taking sustainability measures with the sustainability funding, the energy efficiency of houses for which mortgages are provided improves. In order to measure this improvement, a.s.r. developed a method to measure the implicit or expected improvement after the deployment of the sustainability funding. In the next section we report the results of this measurement.
The improvement of the energy efficiency of houses is considered environmentally sustainable under the EU Taxonomy, more specific under activity 7.2 Renovation of existing houses if the ‘renovation leads to a reduction of the demand for primary energy by at least 30%’. a.s.r. is looking to use the implicit improvement measurement for this purpose but is still considering how to apply the criteria to prevent other objectives from being affected to a serious degree (the ‘do no significant harm’ principle). a.s.r. therefore does not yet report these as EU Taxonomy aligned investments.

3. **Working together on accelerating energy efficiency and a sustainable housing market:** a.s.r. works with over 20 financial service providers in the EEM-NL Hub. The EEM-NL Hub (Energy Efficient Mortgages Hub Netherlands) is an initiative of players in the Dutch mortgages market for sharing ideas and market developments with respect to sustainability funding. The collaboration has the objective to make houses in mortgage portfolios more energy efficient and sustainable.

In particular, a.s.r. contributes to discussions on how the EU taxonomy criteria can be applied to the Dutch housing market, so when these mortgages can be called EU Taxonomy aligned. While the first step of EU Taxonomy alignment criteria is interpreted by the EEM-NL Hub (‘significant contribution’), there is an ongoing discussion on the second step, the criteria on how mortgages do not significantly harm other environmental objectives. More information is available on the website of the EEM-NL Hub.

Social characteristic: The Subfund promotes one social characteristic which aims to make the housing market accessible to first-time buyers.

4. **WelThuis first-time buyers mortgages:** The Subfund investments in WelThuis first-time buyers mortgages made the Dutch housing market more accessible to first-time buyers for whom it is relatively difficult to acquire their own home in the current housing market. The first-time buyers mortgages are comparable to the regular 30 years repaying WelThuis mortgages, but have a repayment period of 40 years, which means that the borrowers have lower monthly mortgage payments. This makes home ownership more accessible to this target group. At the same time, the repayment period can be adjusted to the regular repayment period of 30 years after a few years if the borrower wishes to do so. The first-time buyers mortgages are part of the sustainable investments. Per 31 December 2022 the Fund has 3.36% outstanding in first-time buyers mortgages.

Explanation to the following ecological and social characteristics: The WelThuis mortgages in the Subfund originate with ASR Levensverzekering N.V. The Subfund invests in a cross-section of new WelThuis mortgages that were concluded. Borrowers are not obliged to take out sustainability funding and/or a first-time buyers mortgage (Startershypotheek) if they wish to take out a mortgage loan with ASR Levensverzekering N.V. However, ASR Levensverzekering N.V. does focus on encouraging the use of sustainability funding and first-time buyer mortgages by borrowers.

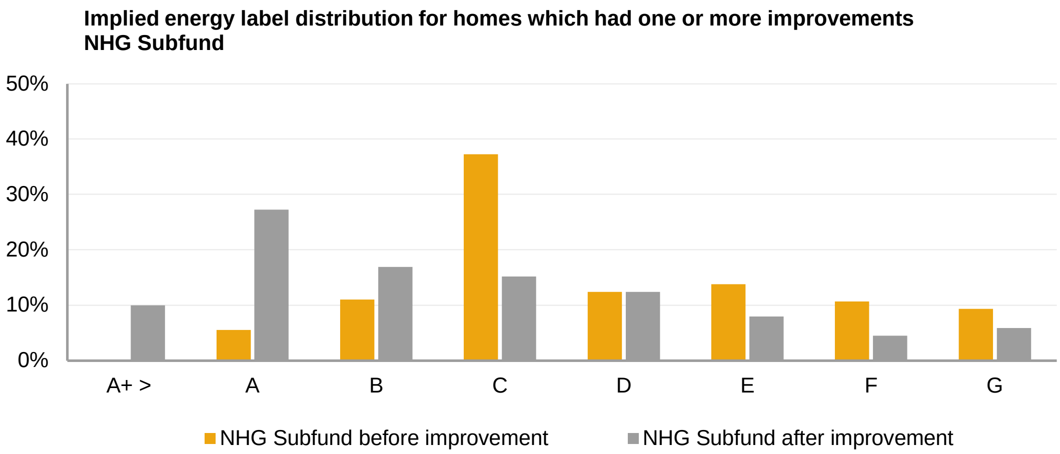
Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

How did the sustainability indicators perform? …and compared to previous periods?

The promoted environmental and/or social characteristics are measured in the following manner:

1. **Sustainability funding:** these indicators are provided in the next section on sustainable investments.

2. **Implicit improvement energy efficiency houses:** together with Calcasa, a.s.r. developed a methodology to calculate the implied improvement after home improvement financed by the sustainability funding. During 2022, this implicit improvement is measured for 290 additional houses in the portfolio. The graph below shows the distribution in energy labels before and after borrowers take sustainability measures. This shows that before taking measures 5.52% had a A, A+> or B-label and after the sustainability measures 37.24% of these houses had such a label. This means that the percentage of houses with a A, A+> or B-label was more than six times higher after taking sustainability measures. With A+> we mean A+, A++, A+++ and A++++ energy labels. The percentage of D, E, F and G decreased from 46.21% to 30.69%. This illustrates that the sustainability funding is contributing to a significantly more sustainable mortgage portfolio.



This graph shows the energy label distribution of houses for which the implicit improvement of energy efficiency is calculated in this Subfund during 2022, comparing the energy label before improvement and after improvement.

3. **Working together on accelerating energy efficiency and a sustainable housing market:** During 2022, a.s.r. actively contributed to the EEM-NL Hub, as described in the previous section.

4. **WelThuis first-time buyer mortgages:**

At the end of 2022, 3.36% of the portfolio were WelThuis first-time buyer mortgages (ultimo 2021 2.38%). There is an increase in the percentage of clients choosing a WelThuis first-time buyer mortgage. This development can be explained by rising interest rates. By spreading mortgage costs over a longer period (40 years) as compared to the usual period of 30 years, monthly costs remain affordable for first-time buyers.

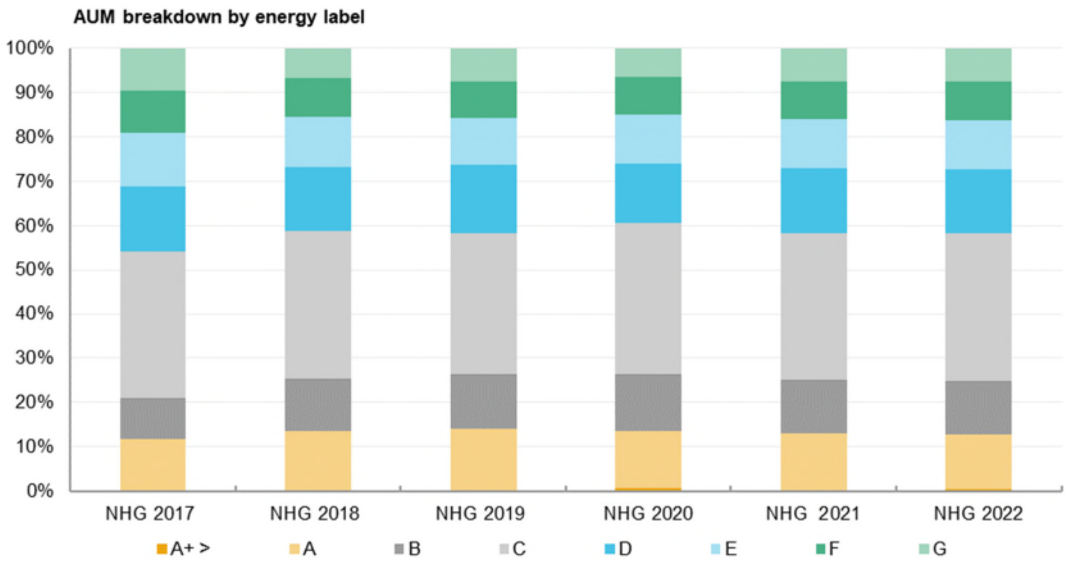
5. **Carbon emissions:** The carbon emissions in the mortgage portfolio

Furthermore, in line with the E/S characteristics (and associated indicators) explained in the Information Memorandum, the carbon emissions and energy label distribution of the Subfund are reported on a quarterly basis.

Since the third quarter of 2019, a.s.r. measures the carbon footprint of the a.s.r. mortgage portfolio. It does so in accordance with official PCAF methodology, which was refined at the end of 2020. This measurement is based on energy label, building year, and type of housing, converted to CO2 emissions using general grid emission factors, which is an official PCAF standard for measuring CO2 in mortgage portfolios.

For this Subfund, the carbon emission figure is 16.6 tonnes of CO_2eq per EUR 1 million of nominal debt at the end of 2022 (ultimo December 2021 16.8 tonnes). Corrected for LTV, the carbon emission figure is 10.3 tonnes of CO_2eq per EUR 1 million of nominal debt at the end of 2022 (ultimo December 2021 11.5 tonnes).

6. **Energy label distribution:** The underlying houses in the investment portfolio have the following distribution of energy labels at the end of 2022:



This table shows the distribution of energy labels and points out that a.s.r. is not specifically broadly represented in the A energy labels. This is caused by the fact that more and more providers are rewarding the financing of an A energy label with an interest discount. At this moment a.s.r. does not reward A energy labels with a discount. a.s.r. focuses on actively making impact in the energy transition by helping customers with a higher energy label to become more sustainable.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

The sustainability funding that is provided to borrowers contribute to the objective of increasing the energy-efficiency and sustainability of the housing market, and therefore contributes to the mitigation of climate change. Borrowers can use the sustainability funding account for up to two years to introduce sustainability improvements, like solar panels, HR++ glass, roof insulation, heat pumps or heat recovery systems. This list of measures is prescribed by the Dutch government to directly contribute to the energy-efficiency of the house and therefore lowers the required gas and electricity usage. A lower energy use leads to less greenhouse gas emissions and therefore contributes to climate change mitigation. Read more on these measures here.

The sustainability funding account can be as high as 106% of the total market value of the home, however the amount of the sustainability funding is capped at EUR 25,000. ASR Levensverzekering N.V. focuses on encouraging the use of sustainability funding, but it is not (and cannot be) mandatory for borrowers to make use of this option. The implicit improvement of energy label after taking these measures (see previous section) shows that the sustainability funding significantly improves the energy efficiency of houses.

There are two options for borrowers for sustainability funding:

1. EBV (energy-saving facilities) are loans which provide borrowers with sustainability funding. A renovation plan is required to obtain the loan, which must also be visible in the valuation report.
2. EBB (energy-saving budget) are loans which provide borrowers with sustainability funding that does not require a renovation plan in advance. a.s.r.'s sustainability funding is a separate loan with an attractive interest rate that also allows customers to use an EBV or an EBB. This mortgage offers the option of a EUR 9,000 sustainability funding account by default.

The following figures provide insights in the sustainability funding at the end of 2022:

- Per 31 December 2022, 1.29% of this Subfund is characterized as sustainable investments with other environmental characteristics, which is the amount outstanding in sustainability funding (ultimo 2021 0.98%). When we include the total nominal amount of the mortgages of these borrowers, we see that 27.46% of borrowers in this Subfund makes use of sustainability funding
- To compare the use of sustainability funding to the market, a.s.r. compares from Q2 2021 onwards its new mortgage offers with sustainability funding to the market average of other mortgage lenders in the Netherlands (source: HDN or 'Hypotheken Data Netwerk'). During 2022, 22.7% of new a.s.r. mortgage customers (not specific to this Subfund) opted for sustainable funding in their mortgage, whereas the market-average for new mortgage applications was 11.4%.
- At the end of 2022 in this Subfund, the average amount withdrawn by a client for sustainability funding is EUR 7,710 (per ultimo 2021 EUR 7,149). In total, at the end of 2022 EUR 27.72 million was outstanding in sustainability funding (per ultimo 2021 EUR 19.46 million).
- 81.41% of the borrowers who took sustainability funding, made use of this facility one year after the mortgage was initiated (ultimo 2021 75.25%). Borrowers have two years to make use of the sustainability funding,.
- In the first quarter of 2022 ASR Levensverzekering N.V. launched the execution-only option for the sustainability funding. Existing customers can now apply for sustainability funding directly without going through an intermediary. After a successful pilot in the first quarter of 2022, sustainability funding of a maximum EUR 9,000 is now made available for all qualifying customers. In 2022 357 borrowers made use of sustainable funding through execution only.

With the first-time buyers mortgage loan, a.s.r. focuses on a specific market segment of 'first-time buyers', in order to facilitate better access for this target group to the Dutch housing and mortgage market.
First-time buyers are having a relatively difficult time on the Dutch mortgage market. Due to their on average lower income compared to other buyer groups in the Dutch housing market, the costs of interest and repayments weigh relatively heavily on their monthly discretionary income. This has been a problem for already a number of years due to the sharp rise in house values, which has only been exacerbated in the past year by rising mortgage interest rates. Not all starters dare to finance themselves to the maximum for the purchase of a home, given the high percentage of monthly mortgage payments in relation to income. With the first-time buyer mortgage, the monthly costs are reduced per month, without any relaxation of credit standards. Due to the reduction in the percentage of monthly costs with the first-time buyers mortgage, the first-time buyers retains more financial buffer on a monthly basis to be able to absorb setbacks. In this way, starters who are entitled to take out a regular mortgage but are concerned about the high percentage of monthly costs are offered an alternative. First-time buyers mortgage loans therefore contribute to the access of first-time buyers to the Dutch housing market and qualify as a social sustainability investment.
The target group of first-time buyers is defined as borrowers who take out a mortgage loan for the first time in order to buy a home. This definition can be guaranteed because the product is only open to borrowers who can use the fiscal interest deduction for the full 30 years. The first-time buyers mortgage loan makes use of all regular annuity WelThuis acceptance criteria, on the understanding that the amortization is spread over 40 years instead of 30 years on an annuity basis. The income test however is performed upon acceptance for a 30-year term. The first-time buyers mortgage has the flexibility that during the term, at the request of the borrower, the repayment schedule can be adjusted to a regular 30-year annuity schedule (think of situations where the borrower has acquired a different income position after a number of years of work).
The following figures provide insights in the first-time buyers mortgage sustainability funding at the end of 2022:

- Per 31 December 2022, 3.36% of this Fund is characterized as sustainable investments with other social characteristics (ultimo 2021 2.38%).
- a.s.r. is the only residential mortgage loan originator that offers first-time buyer mortgage loans in the Dutch market.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

This Subfund invests in claims based on mortgage loans. The underlying mortgage loans are inter alia partial sustainable loans. Implementation of those sustainable measures is bound by the preconditions imposed by the lender. Those preconditions are intended in part to prevent other ecological or social sustainable investment objectives from being compromised to a serious degree.

How were the indicators for adverse impacts on sustainability factors taken into account?

This Subfund considered two Principal Adverse Impacts (PAI indicators), and also applied these indicators to the sustainability funding. See the quantitative explanation of the PAI indicators in the next section. Both PAI indicators were intended to improve the energy efficiency of homes, with sustainability funding contributing to this goal.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The European Commission clarified in May 2022 that both the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights focus on enterprises; This question therefore does not apply to investments in mortgages.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

How did this financial product consider principal adverse impacts on sustainability factors?

This Subfund took into account the following principal adverse impact indicators:

- **PAI for real estate assets Table I #18 Exposure to energy-inefficient real estate assets:** a.s.r. measured the percentage of homes considered energy-inefficient under this indicator. As the indicator indicates to use the value of real assets, the nominal value of the mortgages is used for calculating the indicator. a.s.r. currently does not have insights in PED below NZEB, houses built after 31 December 2020 are excluded from this calculation. As this is the first year providing this figure, no comparative figure is provided.

Per end of 2022 this Subfund has 74.08% exposure to energy-inefficient mortgages.

a.s.r. takes this indicator into account by working to improve the energy efficiency and sustainability of these homes, by proactively providing sustainability funding to both new and current clients (see sustainable investments section) and by developing a methodology to measure the implied improvement of energy efficiency (see E/S characteristics section).

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

- **PAI for real estate assets Table II #18 Greenhouse Gas Emissions:** a.s.r. measured the total greenhouse gas emissions (scope 1 and scope 2) for the mortgages in this Subfund, which concern the energy consumption of houses. Scope 3 emissions are not relevant to houses and hence to mortgages. The PAI does not specify for this calculation whether the nominal value of mortgages or loan-to-value should be used, so both figures are provided.

Total emissions (scope 1+2) at the end of 2022 based on nominal amounts: 35,210 t CO_2eq (ultimo 2021 32,887 t CO_2eq)
Total emissions (scope 1+2) at the end of 2022 based on loan-to-value: 21,803 t CO_2eq (first year reporting, no comparative figure provided).

The increase in absolute emissions is mostly explained by an increase of mortgage value, as the emissions per million invested (see E/S characteristics) remained relative stable.

What were the top investments of this financial product?

This Subfund invests 100% in mortgage loans. The Subfund invests in Dutch residential mortgage loans which are granted to consumers by ASR Levensverzekering N.V. The objective of the Subfund is generating income for investors by acquiring mortgage receivables.

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 2022

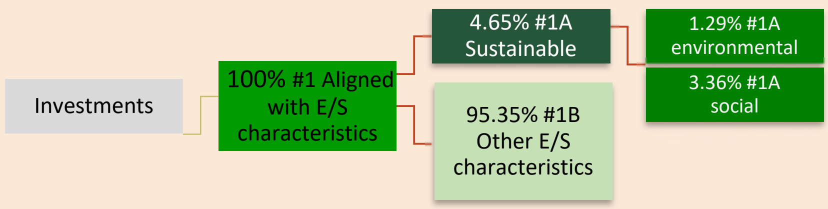
What was the proportion of sustainability-related investments?

The proportion of sustainability-related investments (sustainability funding and first-time buyers mortgage) represents 4.65% of the total amount of investments. See next question for an overview of the asset allocation.

What was the asset allocation?

Asset allocation describes the share of investments in specific assets.

In addition to investments, this Subfund also included a small percentage in cash (at most 5 percent). The investments (excluding cash) consisted for 100% of mortgage claims purchased from ASR Levensverzekering N.V. These investments were invested for 100% in #1 Aligned with the aforementioned E/S characteristics of which 4.65% invested in #1A Sustainable (Other environmental) and 95.35% in #1B Other E/S Characteristics.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

In which economic sectors were the investments made?

All investments of this financial product are made in the residential housing market sector.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Subfund did not invest in sustainable investments aligned with the EU-Taxonomy. a.s.r. is, together with the other participants of the EEM-NL Hub, in the process of interpreting the do no significant harm criteria for mortgages.

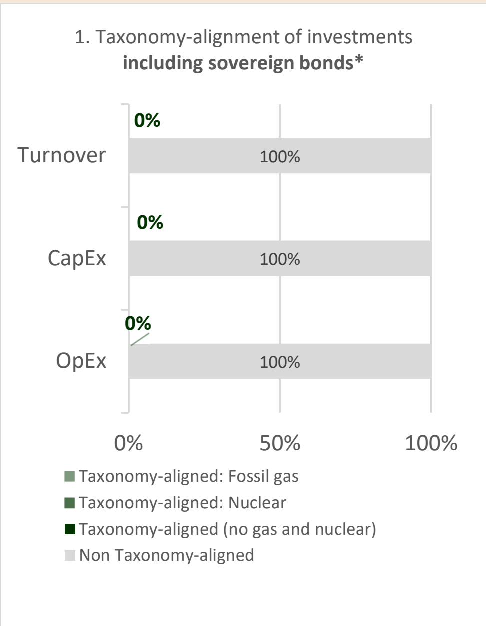
Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?

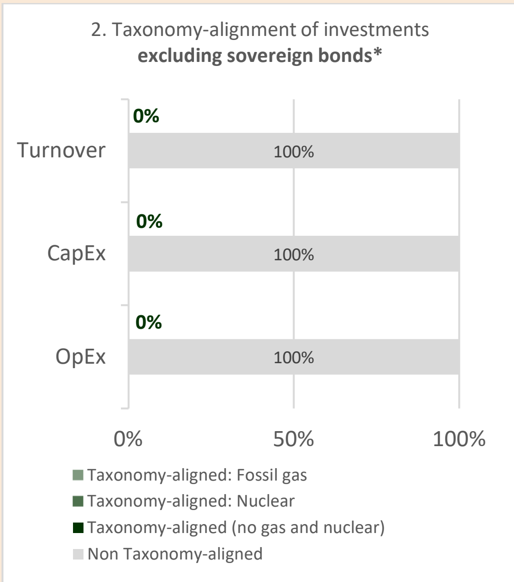
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





This graph represents 100% of the total investments.

* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

What was the share of investments made in transitional and enabling activities?

This Subfund did not invest in investments in transition and facilitating activities.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

As this is the first reporting period on EU Taxonomy aligned investments, there are no reference period figures yet.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

This Subfund has a 1.29% of sustainability funding per 31 December 2022, which are sustainable investments with an ecological objective that were not aligned with the EU taxonomy.

What was the share of socially sustainable investments?

The Subfund has a 3.36% of first-time buyers mortgages per 31 December 2022, which are sustainable investments.

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

No investments were included in #2 Other. All investments are included under #1 (Aligned with E/S characteristics). See the chart above.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The following actions have been taken to meet the environmental and/or social characteristics during the reference period:

1. **Working together on accelerating energy efficiency and a sustainable housing market:** a.s.r. has worked with over 20 financial service providers in the EEM-NL Hub. The EEM-NL Hub (Energy Efficient Mortgages Hub Netherlands) is an initiative of players in the Dutch mortgages market for sharing ideas and market developments with respect to sustainability funding. The collaboration has the objective to make houses in mortgage portfolios more energy efficient and sustainable. In particular, a.s.r. contributed to discussions on how the EU taxonomy criteria can be applied to the Dutch housing market, so when these mortgages can be called EU Taxonomy aligned.

2. **Sustainability funding for new mortgages:** a.s.r. facilitated borrowers with accessible and attractive financing for making houses more sustainable and therefore contributed to the mitigation of climate change by means of sustainability funding. During 2022, 22.7% of new a.s.r. mortgage customers (not specific to this Subfund) opted for sustainable funding in their mortgage, whereas the market-average for new mortgage applications was 11.4%. This provides evidence of the success of the sustainability funding product of a.s.r.

3. **Sustainability funding for existing mortgages:** existing borrowers could also take out sustainability funding to make their current home more sustainable. They have been able to do so via the online environment since Q2 2022. a.s.r. therefore offered many more borrowers the possibility of implementing sustainability measures, already a few hundred borrowers made use of this option.

4. **Implicit improvement energy efficiency houses:** in order to measure the implicit improvement of energy efficiency of houses, a.s.r. has developed a method that can be used to measure the implicit or expected improvement after the deployment of the sustainability funding. The figures

on this method shows that taking energy measures from sustainability funding leads to a significant improvement of the energy efficiency of houses.

5. **WelThuis first-time buyer mortgages:** The Subfund invests in WelThuis first-time buyer mortgages. This made the Dutch housing market more accessible to first-time buyers for whom it is relatively difficult to acquire their own home in the current housing market. At the end of 2022, 3.36% of the portfolio were WelThuis starter mortgages (ultimo 2021 2.38%). There is an increase in the percentage of clients choosing a WelThuis first-time buyer mortgage. This development can be explained by rising interest rates. By spreading mortgage costs over a longer period (40 years) as compared to the usual period of 30 years, monthly costs remain affordable for first-time buyers.

How did this financial product perform compared to the reference benchmark?

The Subfund does not use benchmarks for comparing its sustainability characteristics.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

ANNEX IV

Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: ASR Mortgage Subfund non-NHG
Legal entity identifier: 724500MQJNFZAYPMCW50

Environmental and/or social characteristics

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Did this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It made **sustainable investments with an environmental objective:** ___% ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 2.64 % of sustainable investments ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☒ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

The definition of sustainable investments is currently still being developed, both the more detailed explanation of the legislation and in the market. Based on these developments, a.s.r. will be able to update the minimum and the definition of sustainable investments in 2023. a.s.r. defines sustainability funding and first-time buyers mortgages as sustainable investments, more information in the section "What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?"

To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Subfund promotes the following three ecological characteristics and one social characteristic:

<u>Ecological characteristics:</u> **The Subfund promoted energy efficiency and sustainability of the housing market, in particular the houses for which mortgages were provided and by collaborating with other financial service providers.**

1. **Sustainability funding for new and existing mortgages: w**ith sustainability funding, a.s.r. facilitates borrowers with accessible and attractive financing for making their home more energy-efficient by taking

sustainability measures, for example by isolating the roof. The sustainability funding is part of the sustainable investments. Per 31 December 2022, this Fund has 0.94% outstanding in sustainability funding. More information in the section "What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?"

2. **Implicit improvement energy efficiency of houses:** as a result of taking sustainability measures with the sustainability funding, the energy efficiency of houses for which mortgages are provided improves. In order to measure this improvement, a.s.r. developed a method to measure the implicit or expected improvement after the deployment of the sustainability funding. In the next section we report the results of this measurement.
The improvement of the energy efficiency of houses is considered environmentally sustainable under the EU Taxonomy, more specific under activity 7.2 Renovation of existing houses if the 'renovation leads to a reduction of the demand for primary energy by at least 30%'. a.s.r. is looking to use the implicit improvement measurement for this purpose, but is still considering how to apply the criteria to prevent other objectives from being affected to a serious degree (the 'do no significant harm' principle). a.s.r. therefore does not yet report these as EU Taxonomy aligned investments.

3. **Working together on accelerating energy efficiency and a sustainable housing market:** a.s.r. works with over 20 financial service providers in the EEM-NL Hub. The EEM-NL Hub (Energy Efficient Mortgages Hub Netherlands) is an initiative of players in the Dutch mortgages market for sharing ideas and market developments with respect to sustainability funding. The collaboration has the objective to make houses in mortgage portfolios more energy efficient and sustainable.

In particular, a.s.r. contributes to discussions on how the EU taxonomy criteria can be applied to the Dutch housing market, so when these mortgages can be called EU Taxonomy aligned. While the first step of EU Taxonomy alignment criteria is interpreted by the EEM-NL Hub ('significant contribution'), there is an ongoing discussion on the second step, the criteria on how mortgages do not significantly harm other environmental objectives. More information is available on the website of the EEM-NL Hub.

Social characteristic: The Subfund promotes one social characteristic which aims to make the housing market accessible to first-time buyers.

4. **WelThuis first-time buyers mortgages:** The Subfund investments in WelThuis first-time buyers mortgages made the Dutch housing market more accessible to first-time buyers for whom it is relatively difficult to acquire their own home in the current housing market. The first-time buyers mortgages are comparable to the regular 30 years repaying WelThuis mortgages, but have a repayment period of 40 years, which means that the borrowers have lower monthly mortgage payments. This makes home ownership more accessible to this target group. At the same time, the repayment period can be adjusted to the regular repayment period of 30 years after a few years if the borrower wishes to do so. The first-time buyers mortgages are part of the sustainable investments. Per 31 December 2022 the Fund has 1.70% outstanding in first-time buyers mortgages.

Explanation to the following ecological and social characteristics: The WelThuis mortgages in the Subfund originate with ASR Levensverzekering N.V. The Subfund invests in a cross-section of new WelThuis mortgages that were concluded. Borrowers are not obliged to take out sustainability funding and/or a first-time buyers mortgage (Startershypotheek) if they wish to take out a mortgage loan with ASR Levensverzekering N.V. However, ASR Levensverzekering N.V. does focus on encouraging the use of sustainability funding and first-time buyer mortgages by borrowers.

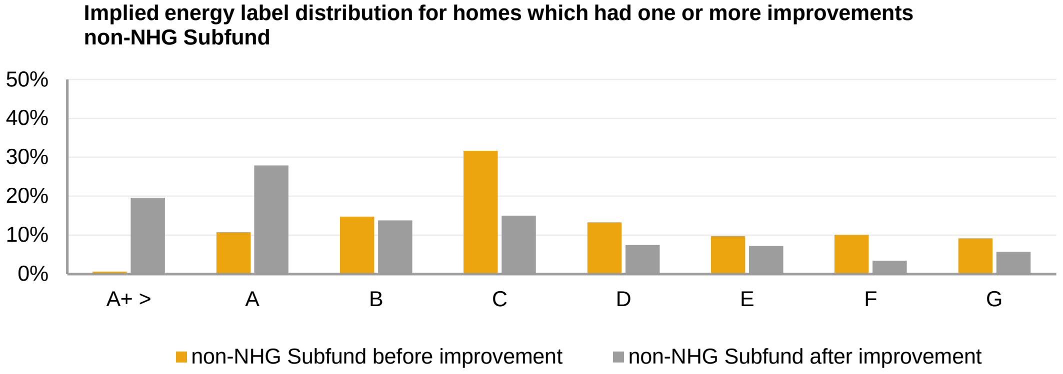
Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

How did the sustainability indicators perform? …and compared to previous periods?

The promoted environmental and/or social characteristics are measured in the following manner:

1. **Sustainability funding:** these indicators are provided in the next section on sustainable investments.

2. **Implicit improvement energy efficiency houses:** together with Calcasa, a.s.r. developed a methodology to calculate the implied improvement after home improvement financed by the sustainability funding. During 2022, this implicit improvement is measured for 821 additional houses in the portfolio. The graph below shows the distribution in energy labels before and after borrowers take sustainability measures. This shows that before taking measures 26.07% had a A, A+> or B-label and after the sustainability measures 61.27% of these houses had such a label. This means that the percentage of houses with an A, A+> or B energy label has doubled after taking sustainability measures. With A+> we mean A+, A++, A+++ and A++++ energy labels. The percentage of D, E, F and G in the non-NHG Subfund significantly decreased from 42.27% to 23.75%. This illustrates that the sustainability funding is contributing to a significantly more sustainable mortgage portfolio.



This graph shows the energy label distribution of houses for which the implicit improvement of energy efficiency is calculated in this Subfund during 2022, comparing the energy label before improvement and after improvement.

3. **Working together on accelerating energy efficiency and a sustainable housing market:** During 2022, a.s.r. actively contributed to the EEM-NL Hub, as described in the previous section.

4. **WelThuis first-time buyer mortgages:**

At the end of 2022, 1.70% of the portfolio were WelThuis first-time buyer mortgages (ultimo 2021 1.11%). There is an increase in the percentage of clients choosing a WelThuis first-time buyer mortgage. This development can be explained by rising interest rates. By spreading mortgage costs over a longer period (40 years) as compared to the usual period of 30 years, monthly costs remain affordable for first-time buyers.

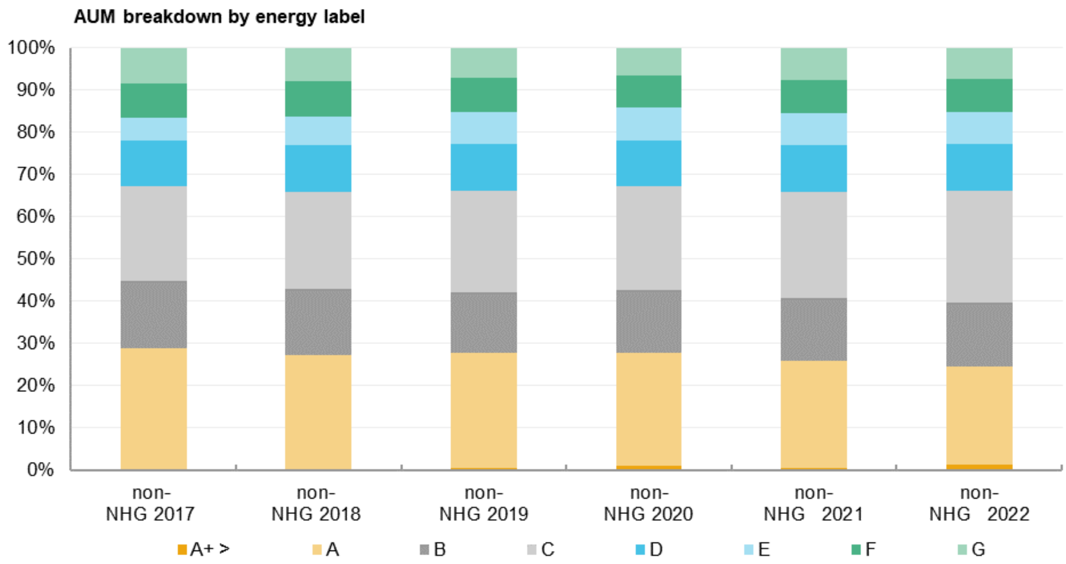
5. **Carbon emissions:** The carbon emissions in the mortgage portfolio

Furthermore, in line with the E/S characteristics (and associated indicators) explained in the information memorandum, the carbon emissions and energy label distribution of the Subfund are reported on a quarterly basis.

Since the third quarter of 2019, a.s.r. measures the carbon footprint of the a.s.r. mortgage portfolio. It does so in accordance with official PCAF methodology, which was refined at the end of 2020. This measurement is based on energy label, building year, and type of housing, converted to CO_2 emissions using general grid emission factors, which is an official PCAF standard for measuring CO_2 in mortgage portfolios.

For this Subfund, the carbon emission figure is 11.3 tonnes of CO_2eq per EUR 1 million of nominal debt at the end of 2022 (ultimo December 2021 10.9 tonnes). Corrected for LTV, the carbon emission figure is 7.0 tonnes of CO_2eq per EUR 1 million of nominal debt at the end of 2022 (ultimo December 2021 7.3 tonnes).

6. **Energy label distribution:** The underlying houses in the investment portfolio have the following distribution of energy labels at the end of 2022:



This table shows the distribution of energy labels and points out that a.s.r. is not specifically broadly represented in the A energy labels. This is caused by the fact that more and more providers are rewarding the financing of an A energy label with an interest discount. At this moment a.s.r. does not reward A energy labels with a discount. a.s.r. focuses on actively making impact in the energy transition by helping customers with a higher energy label to become more sustainable.

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

The sustainability funding that is provided to borrowers contribute to the objective of increasing the energy-efficiency and sustainability of the housing market, and therefore contributes to the mitigation of climate change. Borrowers can use the sustainability funding account for up to two years to introduce sustainability improvements, like solar panels, HR++ glass, roof insulation, heat pumps or heat recovery systems. This list of measures is prescribed by the Dutch government to directly contribute to the energy-efficiency of the house and therefore lowers the required gas and electricity usage. A lower energy use leads to less greenhouse gas emissions and therefore contributes to climate change mitigation. Read more on these measures here.

The sustainability funding account can be as high as 106% of the total market value of the home, however the amount of the sustainability funding is capped at EUR 25,000. ASR Levensverzekering N.V. focuses on encouraging the use of sustainability funding, but it is not (and cannot be) mandatory for borrowers to make use of this option. The implicit improvement of energy label after taking these measures (see previous section) shows that the sustainability funding significantly improves the energy efficiency of houses.

There are two options for borrowers for sustainability funding:

1. EBV (energy-saving facilities) are loans which provide borrowers with sustainability funding. A renovation plan is required to obtain the loan, which must also be visible in the valuation report.
2. EBB (energy-saving budget) are loans which provide borrowers with sustainability funding that does not require a renovation plan in advance. a.s.r.'s sustainability funding is a separate loan with an attractive interest rate that also allows customers to use an EBV or an EBB. This mortgage offers the option of a EUR 9,000 sustainability funding account by default.

The following figures provide insights in the sustainability funding at the end of 2022:

- Per 31 December 2022, 0.94% of this Subfund is characterized as sustainable investments with other environmental characteristics, which is the amount outstanding in sustainability funding (ultimo 2021 0.72%). When we include the total nominal amount of the mortgages with sustainability funding, 26.49% of the mortgages borrowers in this Subfund makes use of sustainability funding.
- To compare the use of sustainability funding to the market, a.s.r. compares from Q2 2021 onwards its new mortgage offer with sustainability funding to the market average of other mortgage lenders in the Netherlands (source: HDN or 'Hypotheken Data Netwerk'. During 2022, 22.7% of new a.s.r. mortgage customers (not specific to this Subfund) opted for sustainable funding in their mortgage, whereas the market-average for new mortgage applications was 11.4%.
- At the end of 2022 this Subfund, the average amount withdrawn by a client for sustainability funding is EUR 8,304 (per ultimo 2021 EUR 8,399). In total, at the end of 2022 EUR 66 million was outstanding in sustainability funding (per ultimo 2021 EUR 40 million).
- 79.28% of the borrowers who took sustainability funding, made use of this facility one year after the mortgage was initiated (ultimo 2021 81.04%). Borrowers have two years to make use of the sustainability funding, where some use the sustainability funding right away while others first move houses and make use of the mortgage later on.
- In the first quarter of 2022 ASR Levensverzekering N.V. launched the execution-only option for the sustainability funding. Existing customers can now apply for sustainability funding directly without going through an intermediary. After a successful pilot in the first quarter of 2022, sustainability funding of a maximum EUR 9,000 is now made available for all qualifying customers. In 2022 357 borrowers made use of sustainable funding through execution only.

With the first-time buyers mortgage loan, a.s.r. focuses on a specific market segment of 'first-time buyers', in order to facilitate better access for this target group to the Dutch housing and mortgage market.
First-time buyers are having a relatively difficult time on the Dutch mortgage market. Due to their on average lower income compared to other buyer groups in the Dutch housing market, the costs of interest and repayments weigh relatively heavily on their monthly discretionary income. This has been a problem for already a number of years due to the sharp rise in house values, which has only been exacerbated in the past year by rising mortgage interest rates. Not all starters dare to finance themselves to the maximum for the purchase of a home, given the high percentage of monthly mortgage payments in relation to income. With the first-time buyer mortgage, the monthly costs are reduced per month, without any relaxation of credit standards. Due to the reduction in the percentage of monthly costs with the first-time buyers mortgage, the first-time buyers retains more financial buffer on a monthly basis to be able to absorb setbacks. In this way, starters who are entitled to take out a regular mortgage but are concerned about the high percentage of monthly costs are offered an alternative. First-time buyers mortgage loans therefore contribute to the access of first-time buyers to the Dutch housing market and qualify as a social sustainability investment.
The target group of first-time buyers is defined as borrowers who take out a mortgage loan for the first time in order to buy a home. This definition can be guaranteed because the product is only open to borrowers who can use the fiscal interest deduction for the full 30 years. The first-time buyers mortgage loan makes use of all regular annuity WelThuis acceptance criteria, on the understanding that the amortization is spread over 40 years instead of 30 years on an annuity basis. The income test however is performed upon acceptance for a 30-year term. The first-time buyers mortgage has the flexibility that during the term, at the request of the borrower, the repayment schedule can be adjusted to a regular 30-year annuity schedule (think of situations where the borrower has acquired a different income position after a number of years of work).
The following figures provide insights in the first-time buyers mortgage sustainability funding at the end of 2022:

- Per 31 December 2022, 1.70% of this Fund is characterized as sustainable investments with other social characteristics (ultimo 2021 1.11%).
- a.s.r. is the only residential mortgage loan originator that offers first-time buyer mortgage loans in the Dutch market.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

This Subfund invests in claims based on mortgage loans. The underlying mortgage loans are inter alia partial sustainable loans. Implementation of those sustainable measures is bound by the preconditions imposed by the lender. Those preconditions are intended in part to prevent other ecological or social sustainable investment objectives from being compromised to a serious degree.

How were the indicators for adverse impacts on sustainability factors taken into account?

This Subfund considered two Principal Adverse Impacts (PAI indicators), and also applied these indicators to the sustainability funding. See the quantitative explanation of the PAI indicators in the next section. Both PAI indicators were intended to improve the energy efficiency of homes, with sustainability funding contributing to this goal.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The European Commission clarified in May 2022 that both the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights focus on enterprises; This question therefore does not apply to investments in mortgages.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

How did this financial product consider principal adverse impacts on sustainability factors?

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

This Subfund took into account the following principal adverse impact indicators:

- **PAI for real estate assets Table I #18 Exposure to energy-inefficient real estate assets:** a.s.r. measured the percentage of homes considered energy-inefficient under this indicator. As the indicator indicates to use the value of real assets, the nominal value of the mortgages is used for calculating the indicator. a.s.r. currently does not have insights in PED below NZEB, houses built after 31 December 2020 are excluded from this calculation. As this is the first year providing this figure, no comparative figure is provided.

Per end of 2022 this Subfund has 60.07% exposure to energy-inefficient mortgages.

a.s.r. takes this indicator into account by working to improve the energy efficiency and sustainability of these homes, by proactively providing sustainability funding to both new and current clients (see sustainable investments section) and by developing a methodology to measure the implied improvement of energy efficiency (see E/S characteristics section).

- **PAI for real estate assets Table II #18 Greenhouse Gas Emissions:** a.s.r. measured the total greenhouse gas emissions (scope 1 and scope 2) for the mortgages in this Subfund, which concern the energy consumption of houses. Scope 3 emissions are not relevant to houses and hence to mortgages. The PAI does not specify for this calculation whether the nominal value of mortgages or loan-to-value should be used, so both figures are provided.

Total emissions (scope 1+2) at the end of 2022 based on nominal amounts: 76,894 t CO_2eq (ultimo 2021 59,080 t CO_2eq)

Total emissions (scope 1+2) at the end of 2022 based on loan-to-value: 47,786 t CO_2eq (first year reporting, no comparative figure provided).

The increase in absolute emissions is mostly explained by an increase of mortgage value, as the emissions per million invested (see E/S characteristics) remained relative stable.

What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 2022

This Subfund invests 100% in mortgage loans. The Subfund invests in Dutch residential mortgage loans which are granted to consumers by ASR Levensverzekering N.V. The objective of the Subfund is generating income for investors by acquiring mortgage receivables.

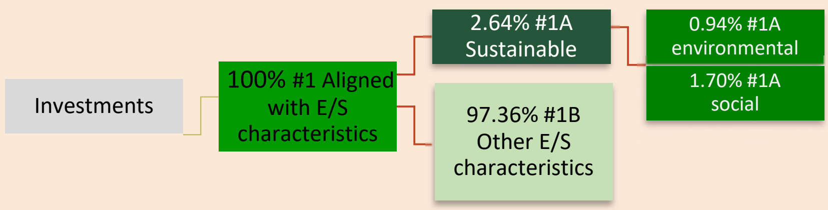
What was the proportion of sustainability-related investments?

The proportion of sustainability-related investments (sustainability funding and first-time buyers mortgages) represents 2.64% of the total amount of investments. See next question for an overview of the asset allocation.

What was the asset allocation?

Asset allocation describes the share of investments in specific assets.

In addition to investments, this Subfund also included a small percentage in cash (at most 5 percent). The investments (excluding cash) consisted for 100% of mortgage claims purchased from ASR Levensverzekering N.V. These investments were invested for 100% in #1 Aligned with the aforementioned E/S characteristics of which 2.64% invested in #1A Sustainable (Other environmental) and 97.36% in #1B Other E/S Characteristics.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

In which economic sectors were the investments made?

All investments of this financial product are made in the residential housing market sector.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Subfund did not invest in sustainable investments aligned with the EU-Taxonomy. a.s.r. is, together with the other participants of the EEM-NL Hub, in the process of interpreting the do no significant harm criteria for mortgages.

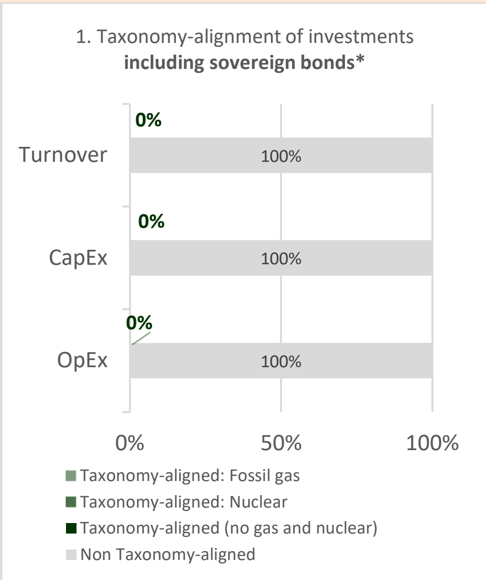
Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?

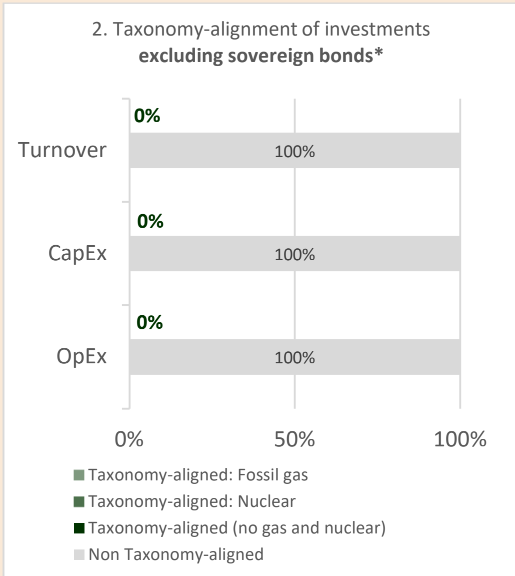
☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





This graph represents 100% of the total investments.

* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

What was the share of investments made in transitional and enabling activities?

This Subfund did not invest in investments in transition and facilitating activities.

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

As this is the first reporting period on EU Taxonomy aligned investments, there are no reference period figures yet.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

This Subfund has a 0.94% of sustainability funding per 31 December 2022, which are sustainable investments with an ecological objective that were not aligned with the EU taxonomy.

What was the share of socially sustainable investments?

The Subfund has a 1.70% of first-time buyers mortgages per 31 December 2022, which are sustainable investments.

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

No investments were included in #2 Other. All investments are included under #1 (Aligned with E/S characteristics). See the chart above.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

The following actions have been taken to meet the environmental and/or social characteristics during the reference period:

1. **Working together on accelerating energy efficiency and a sustainable housing market:** a.s.r. has worked with over 20 financial service providers in the EEM-NL Hub. The EEM-NL Hub (Energy Efficient Mortgages Hub Netherlands) is an initiative of players in the Dutch mortgages market for sharing ideas and market developments with respect to sustainability funding. The collaboration has the objective to make houses in mortgage portfolios more energy efficient and sustainable. In particular, a.s.r. contributed to discussions on how the EU taxonomy criteria can be applied to the Dutch housing market, so when these mortgages can be called EU Taxonomy aligned.

2. **Sustainability funding for new mortgages:** a.s.r. facilitated borrowers with accessible and attractive financing for making houses more sustainable and therefore contributed to the mitigation of climate change by means of sustainability funding. During 2022, 22.7% of new a.s.r. mortgage customers (not specific to this Subfund) opted for sustainable funding in their mortgage, whereas the market-average for new mortgage applications was 11.4%. This provides evidence of the success of the sustainability funding product of a.s.r.

3. **Sustainability funding for existing mortgages:** existing borrowers could also take out sustainability funding to make their current home more sustainable. They have been able to do so via the online environment since Q2 2022. a.s.r. therefore offered many more borrowers the possibility of implementing sustainability measures, already a few hundred borrowers made use of this option.

4. **Implicit improvement energy efficiency houses:** in order to measure the implicit improvement of energy efficiency of houses, a.s.r. has developed a method that can be used to measure the implicit or expected improvement after the deployment of the sustainability funding. The figures

on this method shows that taking energy measures from sustainability funding leads to a significant improvement of the energy efficiency of houses.

5. **WelThuis first-time buyer mortgages:** the Subfund invests in WelThuis first-time buyer mortgages made the Dutch housing market more accessible to first-time buyers for whom it is relatively difficult to acquire their own home in the current housing market. At the end of 2022, 1.70% of the portfolio were WelThuis first-time buyer mortgages (ultimo 2021 1.11%). There is an increase in the percentage of clients choosing a WelThuis first-time buyer mortgage. This development can be explained by rising interest rates. By spreading mortgage costs over a longer period (40 years) as compared to the usual period of 30 years, monthly costs remain affordable for first-time buyers.

How did this financial product perform compared to the reference benchmark?

The Subfund does not use benchmarks for comparing its sustainability characteristics.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.