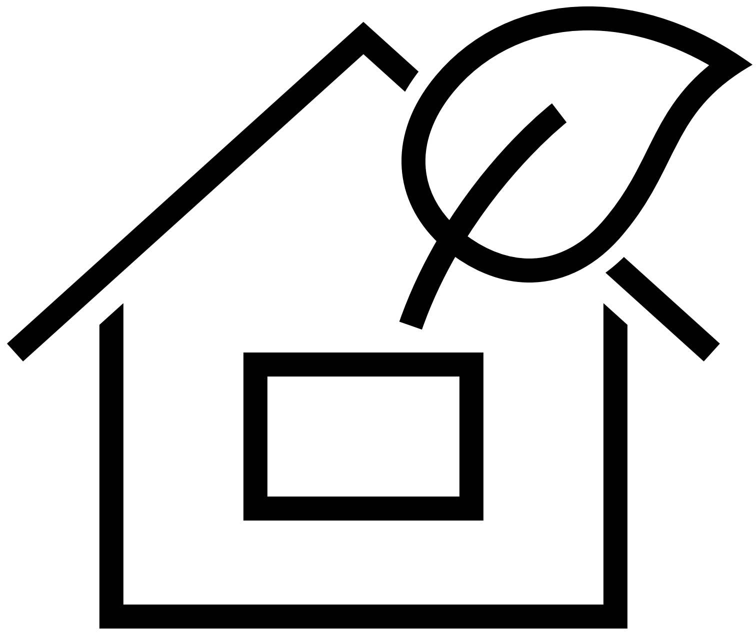
a.s.r.
de nederlandse
verzekerings
maatschappij
voor alle
verzekeringen



ASR Mortgage Fund Annual Report 2021

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

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

Legal owner of the investments
Stichting Juridisch Eigenaar ASR Hypotheekfonds
Archimedeslaan 10
3584 BA Utrecht

Depositary
BNP Paribas Securities Services SCA
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's 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 the 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.

a.s.r. vermogensbeheer's objective is to manage investment institutions and to provide investment services to group companies of ASR Nederland N.V. (hereinafter referred to as 'a.s.r.' or 'ASR Nederland') and on behalf of third parties. a.s.r. vermogensbeheer offers investment services for pension funds, insurers, guarantee and donor-advised funds, charitable organizations, regional authorities, healthcare and educational institutions, network companies, housing associations, etc. a.s.r. vermogensbeheer offers institutional investment funds and individual asset management mandates as well. The product range consists of European corporate bonds, interest rate overlay, European government bonds, global stocks, balanced mandates, tailored bond portfolios, private debt, structured fixed income and mortgages. Other investment categories are purchased by a.s.r. vermogensbeheer in accordance with a.s.r.'s quality and sustainability criteria.

a.s.r. vermogensbeheer does not employ any staff members. All activities are carried out by employees of ASR Nederland N.V.

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 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 Staatsobligatiefondsen 15+ Jaar, ASR Pensioen Staatsobligatiefonds 10-15 Jaar, ASR Pensioen Staatsobligatiefonds 20+ Jaar, ASR Beleggingsmixfondsen, ASR Beleggingspools, ASR Basisfondsen, ASR Paraplufonds and ASR Duurzaam Wereldwijd 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
The 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.

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 Securities Services SCA has been appointed Depositary of the 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 2021, two Meetings of Participants were held. These meetings included amongst others the adoption of the 2020 annual report, a discussion of the impact of Covid-19 on the mortgage funds, the introduction of new mortgage products, initiatives in the field of ESG and the outlook for 2022.

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 2021.

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 an investment institution, 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).

Report of the Manager

Key figures

In 2021, the ASR Mortgage Fund Net Assets increased by €1,826 million to €8,068 million. €1,454 million of this increase was attributable to the non-NHG Subfund, and €372 million to the NHG Subfund. Further information on the Net Assets and return can be found in the Subfunds section.

Developments affecting the Fund during the reporting period

Sustainable Finance Disclosure Regulation

As from March 2021, the new disclosure obligations from the Sustainable Finance Disclosure Regulation (SFDR) are applicable. The 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 SFDR. Within the information memorandum of the Fund more information is provided with respect to the investment strategy, the characteristics and indicators and the mitigation of sustainability risks. The periodic disclosure as referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852, is included in Appendix 1.

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 line with the AIFMD legislation (Article 80), responsibility for risk management is a separate activity within the Manager's organization. In accordance with the AIFM Directive, a distinction is made between risks relating to the funds and risks relating to the Manager's organization.

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.

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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 and 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 2021, 182 employees and 175 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)	01-01-2021 to 31-12-2021	No. of employees
Identified Staff*	1,296,739	4**
Employees	23,514,533	178
Total	**24,811,272**	**182**

* In 2022 six Identified Staff members (no Management Board members) have been appointed in addition based on the IFD/IFR regulation.

** The 2021 Identified Staff remuneration relates to three Management Board members and one Identified Staff member.

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
In January 2020 the most recent (seventh) policy assessment of the Fair Insurance Guide (Eerlijke Verzekeringswijzer, EV) was published, an initiative by Friends of the Earth Netherlands, World Animal Protection, PAX, Oxfam Novib and Amnesty International. The aim of the EV is to make the sustainable investment policies implemented by insurance companies more sustainable and to optimise working practices. To this end, the largest providers on the Dutch market are compared in terms of sustainability. In the publication (www.eerlijkeverzekeringswijzer.nl), a.s.r. once again came out in first place overall among the insurance companies included in the policy survey. a.s.r. achieved the highest score of 10 for its policies on Weapons, Human Rights, Employment Rights and Food, while it earned a score of 9 for its policies on Corruption, Health, Nature, the Financial Sector, the Manufacturing Industry, and Housing and Real Estate. The rise to a 9 for Housing and Real Estate is partly due to the fact 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 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 further develop the calculation methods for all asset classes.

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 98.3% (ultimo December 2020 98.2%) of the a.s.r. mortgage portfolio was measured at the end of the second quarter of 2021 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 the ASR Mortgage Fund, the emission figure is 12.5 tonnes of CO2eq per EUR 1 million of nominal debt at the end of 2021 (ultimo December 2020 13.8 tonnes in accordance with the refined methodology). For both Subfunds the emission figures are:

- NHG Subfund: 16.8 tonnes of CO2eq per EUR 1 million of nominal debt (December 2020, 18.0)
- Non-NHG Subfund: 10.9 tonnes of CO2eq per EUR 1 million of nominal debt (December 2020, 12.1)

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 to make 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. More than 25% of mortgage borrowers with a.s.r. add a sustainability component to their mortgage loans, in comparison with 9% average for Dutch mortgage providers. a.s.r's numbers for sustainability mortgage applications provide evidence of the great success of its sustainability mortgage: 14% (ultimo 2020 15%) of new a.s.r. mortgages by the end of 2021 added an a.s.r. sustainability mortgage. The a.s.r. WelThuis Sustainable Mortgage Loan was introduced in September 2019. After two years, 94% of the users in the NHG Subfund have used their sustainability mortgage, and 83% of the users in the non-NHG Subfund have used their sustainability mortgage. 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 2021 the following activities are carried out regarding the sustainability component of the mortgage:

- In Q1 of 2021 a.s.r. Mortgages launched a monthly newsletter for all a.s.r. borrowers, offering practical tips and inspiration on saving energy and making their homes more sustainable. This newsletter is part of the platform 'Duurzaam Wonen' ('Sustainable Living'), which a.s.r. Mortgages launched in cooperation with a.s.r. Schadeverzekeringen. This is an important part of informing our customers of the measures available for sustainability improvement.
- In Q2 2021 a.s.r. Mortgages started their cooperation with Milieu Centraal, a well-respected semi government institution which is considered an authority when it comes to calculations on sustainability measures. Client interviews showed that clients have a need for non-partisan information when it comes to sustainability. Milieu Centraal will help to improve energy saving reports, providing non-partisan information on sustainability measures.

- In Q4 2021, a.s.r. joined the energy efficient mortgages initiative, a European initiative to make mortgages in Europe more sustainable. a.s.r. is part of the EEMI NL Hub, the collection of Dutch lenders.

All these options are part of the a.s.r. product range intended to enhance the sustainability of the product. a.s.r. does not charge any additional costs for these services.

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:

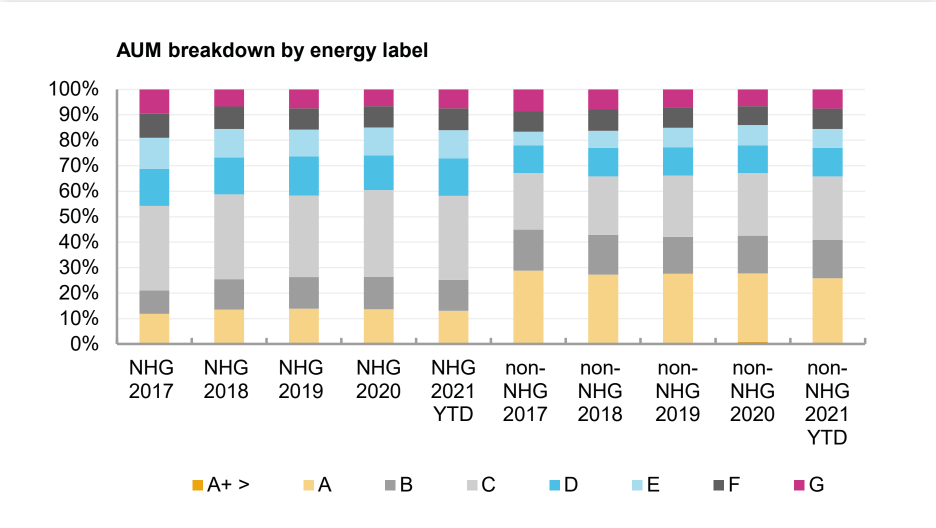

Figure 1: breakdown of the mortgage portfolio of the Subfunds by energy label

Figure 1 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 entire country. 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 house, even if they implement sustainability measures. A definitive energy label is only required once the property is sold.

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 homeownership 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, which a.s.r. is now implementing in its systems and processes.

- 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 2021 the first-time buyers mortgage was 2.62% (ultimo December 2020 1.30%) of the total mortgage production within the Subfunds.
- Senior citizens: a.s.r. provides senior citizens who are looking to move house with the option to take part in the senior citizen scheme offered by the National Mortgage Guarantee. Under this scheme, lenders can now consider mortgage applications from consumers who are receiving the basic state pension ("AOW") or who will reach the state AOW pension age in the next 10 years based on actual expenditure rather than the usual financing standards.
- 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
In 2021, the global economy made a very strong recovery from the deepest (and shortest) recession since World War II. For the global economy as a whole, growth in 2021 was around 6%. China was the first major economy to recover, followed by the US and the eurozone, with growth rates for 2021 of 8%, 6% and 5% respectively. The economic growth recovery was mainly due to the earlier than expected availability of 'Covid-19' vaccines, and was also fueled by particularly generous monetary and fiscal policies. Especially in the second half of the year, the growth recovery was hampered by capacity shortages on the supply side of the economy.

Equally remarkable is the fact that in 2021, the inflation picture has changed from fear of 'deflation' to 'reflation' (and fear of 'stagflation'). In the eurozone, inflation jumped from 0-1% to 5%, and in the US it even reached 7% year-on-year. The increased inflationary pressure was initially mainly due to the economic growth recovery and was therefore labelled 'mainly temporary' by central banks and others. The inflationary pressure gradually also turned out to be at least partly due to supply-side problems in the economy, and thus perhaps less temporary than previously thought. This also increased the pressure on central banks to start phasing out the extremely accommodating monetary policy of recent years.

Financial markets
Financial markets were also strongly influenced by 'Covid-19' in 2021, but in a different way than in 2020: capital market interest rates left behind the historical lows of 2019-2020 and (particularly developed) stock markets showed strong price increases.

Although strong growth and inflation data contributed to higher government bond yields, they still remained below average from a historical perspective. In the eurozone, long-term interest rates rose by 25-50 basis points. Dutch, German and Swiss 10-year interest rates thus ended at around 0%. Within the eurozone, southern European interest rates rose the most with Italian and Greek 10-year interest rates ending up above 1%. Elsewhere, long-term interest rates rose even faster, by 50-100 basis points (US, UK and Australia) to almost 150 basis points (New Zealand). Interest rates on Japanese and Chinese government bonds remained virtually unchanged.

For corporate bonds, credit spreads had already crept up towards 'pre-coronavirus' levels during the course of 2020. In 2021, these remained virtually flat: corporate bonds in 2021 were hardly sensitive to developments that set other markets in motion, such as news about 'Covid-19', rising interest rates, etc. Purchases by central banks (in particular the ECB) continued to support the corporate bond market, but the question is for how much longer.

Stock markets performed above average in 2021, although this was mainly in Western markets. Both US and European stock markets rose by more than 15%. For European investors in US equities, the appreciation of the dollar against the euro (almost 10%) was an additional factor for their returns on investment. Emerging markets lagged well behind developed stock markets, mainly due to Asian stock markets, including China, Taiwan and South Korea. The Japanese stock market's performance was subdued, with a relatively slight price increase of around 5% on balance.

Swap rates have also increased during 2021. For example, the 10-year swap ended the year at 0.12%, while it still stood at -0.39% at the beginning of the year. However, this increase has not (yet) translated into a sharp rise in mortgage interest rates, which has reduced margins for lenders. On balance, we have again seen positive results for investors in mortgage claims in 2021, both for NHG and non-NHG loans.

Outlook for the economy and financial markets
For 2022, we expect a further recovery of the global economy. With expected growth of around 4-5%, the recovery may be less spectacular than in 2021, but it is still very significant. The US economy showed the strongest growth recovery among the major regions in 2021, but is expected to fall back to growth of approximately 4% in 2022, similar to that in the eurozone. A major risk is that the gap between developed and emerging economies will widen as the focus of the coronavirus pandemic shifts to emerging countries, where the vaccination rate is still low, although several countries (including China, India and Brazil) have recently caught up.

The sharp rise in inflationary pressures in 2021 is expected to continue at least into the first half of 2022, as the recent capacity issues prove less incidental than previously thought. By the end of 2022, inflationary pressures in the eurozone could fall to the ECB's 2% target, but in the US inflation could remain above 3%, even at the end of 2022. In the longer term, structural factors (e.g. ageing population, technology & internet, weakening labour productivity growth and labour market flexibility) will continue to put a brake on inflationary pressures.

As far as monetary policy is concerned, no interest rate increases can be expected from the ECB at present. However, the ECB will start winding down the current 'quantitative easing' programmes. This applies first and foremost to PEPP, the €1,850 billion 'Covid-19' emergency programme. For the Fed, further monetary tightening in 2022 seems inevitable, given the combination of economic growth recovery and sharply rising inflationary pressures in the US. In the US, too, the reduction in quantitative easing comes before interest rate increases, but a first (and possibly second and third) interest rate increase during the course of 2022 seems very likely there.

The combination of good economic growth prospects, inflation risks and the threat of monetary tightening creates a challenging environment for financial markets. Possibly higher than expected inflation and any subsequent monetary tightening by central banks pose a risk to government bonds. In addition, capital market interest rates are still relatively low from a historical perspective, even after the (limited) interest rate increases in 2021. Corporate bonds can continue to benefit from the economic growth recovery but are vulnerable to rising interest rates (especially from a total return perspective). The valuation of corporate bonds is also not very attractive given the current historically low credit spreads.

Equities and property are more suitable as inflation hedges than bonds, but after last year's price increases they are not particularly attractive either, although the latter applies most to US (tech) equities. For property, economic recovery is a plus, but possibly higher interest rates are a disadvantage. Moreover, the damage to shops and offices incurred during the pandemic may turn out to be partly structural.

As a result of the aforementioned developments, mortgage rates are expected to bottom out in 2022. Government rates as well as swap rates have increased while mortgage rates have remained virtually unchanged. The margin received by lenders has thus fallen to its lowest point in decades. This is only expected to be sustainable if swap rates start to fall again, but this does not look likely for the time being. We consequently expect to see gradual increases in mortgage rates during the course of 2022.

The Dutch mortgage market is expected to continue to perform well. In 2022 too, there will probably be marked increases in house prices. The number of transactions is likely to decrease further, partly due to rising prices, but the overall size of the mortgage market is expected to remain more or less unchanged due to the strong growth of the refinancing market. In spite of Covid-19, arrears remain at a very low level; no loss arises if a property unexpectedly has to be sold.

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 2022.

Consumers

In 2021, Covid-19 in all its manifestations still had a huge daily impact on Dutch residents and therefore also on Dutch consumers with a mortgage loan. However, no negative impact of Covid-19 can be detected in the behavior of private homeowners with a mortgage in 2021.

Also in the development of consumer confidence, the higher consumer confidence in the housing market compared to the generic confidence as measured by Statistics Netherlands was maintained for 2021. At the same time, we see a significant decline in both sentiment indicators in the second half of 2021. The flip side of the ever-rising house prices in the Netherlands is the concern for consumers whether they will be able to participate to the housing market. According to the Eigen Huis association (supplier of the housing sentiment indicator), almost three quarters of the Dutch citizens consider the end of 2021 an unfavorable time to enter the housing market. In May of last year, this applied to 45% of Dutch consumers. Buyers are mainly put off by the high prices and the tight supply.

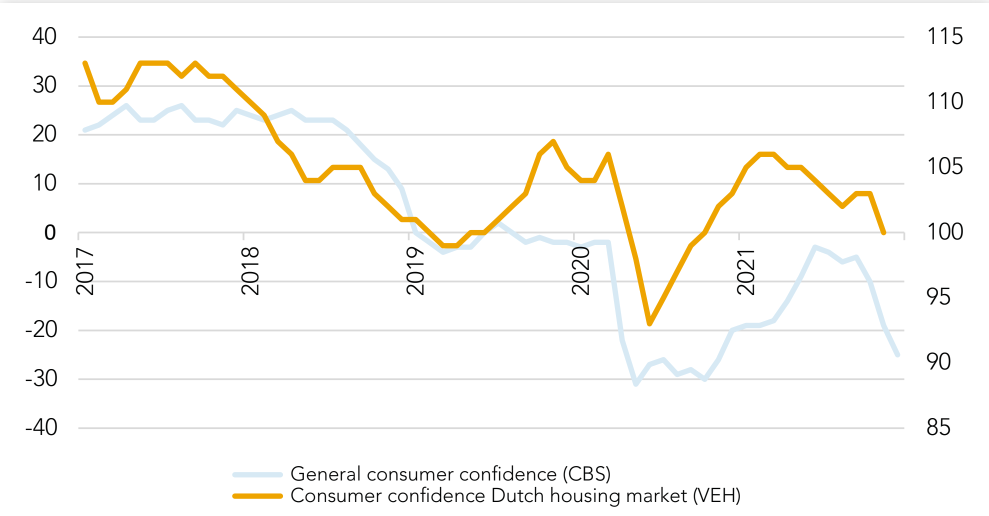

Figure 2: Historical development consumer confidence (source: CBS and Vereniging Eigen Huis)

Mortgage lenders and the mortgage market

The market share of banks in the Netherlands has dropped compared to a year ago (30 September 2021: 52.6%, 30 September 2020: 56.6%). Insurers have been able to slightly increase their market share (30 September 2021: 13.2%, 30 September 2020: 11.8%). The increase in market shares of mortgage funds (30 September 2021: 24.0%, 30 September 2020: 19.2%) 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 2021, interest in home ownership was higher than ever. As at the end of the third quarter of 2021, the average home was worth €405,165: a rise of 18.5% (2020: +9.9%) compared to the same quarter one year ago. The graph below shows that the average Dutch house price has risen continuously since 30 June 2013.

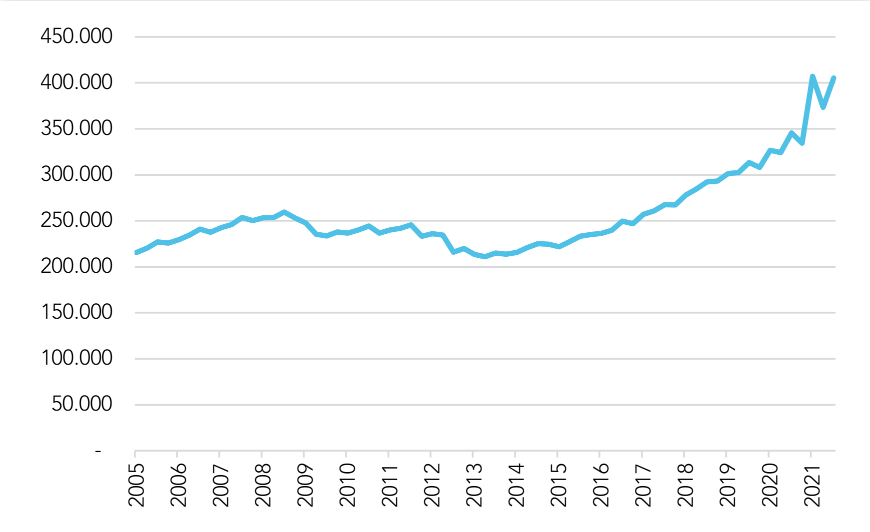

Figure 3: Average house price in the Netherlands in euros (source: Land registry)

The number of residential property transactions in 2021 leveled off compared to the previous year. Up to and including the third quarter, 173,289 homes were sold in 2021, an increase of 2.7% compared to the first nine months of 2020 and the second-highest number in the first three quarters combined since the statistic started in 1995. The increase is mainly the result of a strong first quarter of 2021. The third quarter itself was the second quarter in a row with a lower number of transactions for existing owner-occupied homes in the Netherlands than a year earlier. In the third quarter of 2021, 13.4 percent fewer existing owner-occupied homes changed hands.

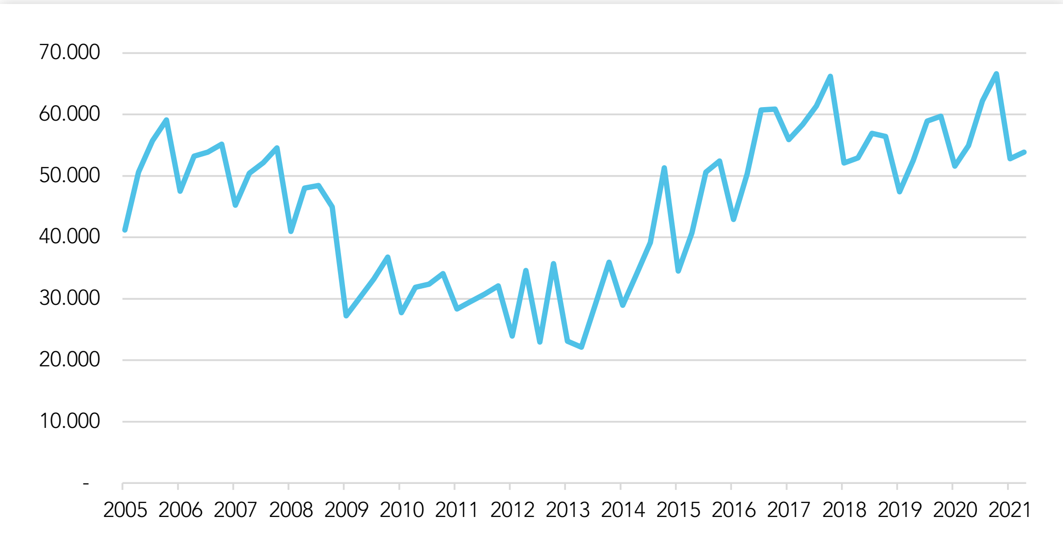

Figure 4: Number of house sales per quarter (source: Land registry)

Mortgage affordability
The net interest cost of a mortgage has been stable for about seven years at a level of around 15% of net household income. Affordability including contractual redemptions however is falling in recent quarters. This can be explained by the fact that rising housing prices are no longer fully off-set by decreasing mortgage rates and/or rising incomes.

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For annuity mortgage loans, the affordability as of Q3 2021 now amounted to 35% of the monthly costs. This indicator thus confirms that income trends in the Netherlands can no longer keep up with house price increases. The graph also shows that this ratio is moving towards the 2008 levels. Compared to 2008, however, the legal framework within which mortgages may be financed in the Netherlands was tightened considerably. After all, the contractual repayment obligation also makes a positive contribution to the development of loan-to-value ratio.

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.

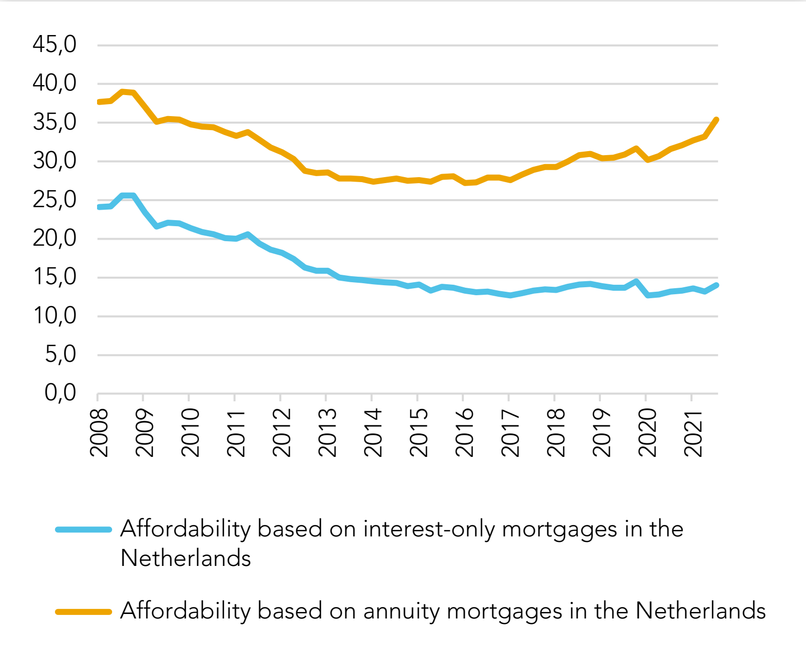

Figure 5: Affordability index in the Netherlands (net housing costs as % of net monthly income) (source: Calcasa WOX)

<u>Outlook for 2022</u>
The housing market was not affected by Covid-19 in 2021. As long as the government remains willing to provide income support until the Dutch economy can stand on its own feet, there is no reason to expect a major crisis in the housing market.

Key drivers supporting housing demand in 2022 are the following:
- the Dutch government continues to provide support until the Dutch economy recovers on its own from Covid-19;
- in the plans of the new Rutte IV government, homeowners are spared. No amendments are proposed regarding the current mortgage interest deduction scheme for income tax purposes;
- the expected growth of the Dutch population in the coming years will continue to support housing demand;
- availability of new homes is also expected to lag the Dutch government's building ambitions in 2022;
- the rental market is too small and rents are too high to constitute a serious alternative to buying a home.

Factors that may limit housing demand are:
- declining consumer confidence and continuation of rising housing prices that lead to a further reduction in the number of housing market transactions;
- rising mortgage rates, following higher risk-free rates, and higher house prices that lead to a deterioration in the affordability of monthly payments for interest and principal.

The outlook for mortgage investors continues to be favorable. In the current uncertain economic environment with ample availability of liquidity that can be invested, interest rate increases are expected to be limited. Credit risk on mortgage investments is expected to remain very low, as mortgage interest rates are fixed at relatively low levels for a long period of time and the vast majority of existing portfolios and new production are subject to mandatory repayment terms. Taking sufficient account of their illiquid nature, mortgages are therefore still an excellent alternative to low-interest investment categories such as government loans.

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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).

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 an increase in 2021 from € 1,749.4 million to € 2,120.9 million.

	Net Assets (x €1,000)	Subfund Returns
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 %
31-12-2017	129,752	3.07 %

Table 3: Return

Over the reporting period, the Subfund achieved a return of 1.73% based on the Net Asset Value and dividend paid during the year. A key driver of the Net Asset Value movement is the movement in a.s.r. WelThuis NHG mortgage rates. Both the NHG mortgage rates and the non-NHG mortgage rates decreased in 2021. The reference index return for 2021 was -4.22%. 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 -4.22% index return is lower than the 1.73% annual return on the NHG Subfund. This is mainly because the swap rates increased during 2021, while the NHG mortgage rates decreased during the same period.

Value movement per participation	2021	2020	2019	2018	2017
Income	207.88	221.03	235.97	239.47	143.31
Changes in value	22.64	219.46	692.12	170.53	306.16
Costs	-50.08	-48.86	-48.07	-45.17	-29.08
Result after tax	**180.44**	**391.63**	**880.02**	**364.83**	**420.39**

Table 4: value movement

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

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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	31-12-2021	31-12-2020
Annuity	82.25%	81.92%
Interest-only	12.95%	12.98%
Linear amortization	4.80%	5.10%

Table 5: portfolio breakdown by product

Mortgage portfolio by province	31-12-2021	31-12-2020
Drenthe	3.91%	3.85%
Flevoland	2.76%	2.68%
Friesland	4.67%	4.43%
Gelderland	13.37%	13.64%
Groningen	4.77%	4.69%
Limburg	9.93%	9.56%
Noord-Brabant	14.93%	15.00%
Noord-Holland	9.14%	9.05%
Overijssel	8.85%	8.80%
Zuid-Holland	18.47%	18.48%
Utrecht	6.01%	6.22%
Zeeland	2.99%	2.99%
Other (new developments)	0.20%	0.61%

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 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. 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. 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 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 excess for the lender.

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

	31-12-2021		31-12-2020	
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%	0.03%	17.33%	0.03%	17.44%
20 – 30%	0.11%	26.64%	0.09%	25.90%
30 – 40%	0.35%	35.88%	0.27%	34.97%
40 – 50%	1.21%	46.25%	0.78%	46.42%
50 – 60%	2.99%	55.68%	2.47%	55.59%
60 – 70%	6.79%	65.72%	4.69%	65.65%
70 – 80%	12.26%	75.53%	9.87%	75.53%
80 – 90%	22.22%	85.59%	18.26%	85.53%
90 – 100%	50.49%	94.65%	59.63%	95.56%
More than 100%	3.55%	101.58%	3.91%	102.33%

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 € 325,000 was applied in 2021 (2020: € 310,000).

Breakdown by remaining debt (%)	31-12-2021	31-12-2020
Less than 50,000	0.05%	0.05%
50,001 – 100,000	1.25%	1.27%
100,001 – 150,000	12.11%	13.15%
150,001 – 200,000	28.56%	29.03%
200,001 – 250,000	32.65%	34.02%
More than 250,001	25.38%	22.48%

Table 8: portfolio breakdown by remaining debt

On 31 December 2021, a provision for credit losses amounting to €47,000 (31-12-2020: €5,000) has been recorded. Two loans (€362,000) had arrears of more than three months.

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 (%)	31-12-2021	31-12-2020
Shorter than one year	0.37%	0.38%
Between 1 and 5 years	0.12%	0.19%
Between 5 and 10 years	10.03%	9.60%
Between 10 and 15 years	3.65%	3.94%
Between 15 and 20 years	56.80%	61.26%
Between 20 and 25 years	2.50%	1.98%
Between 25 and 30 years	26.53%	22.65%

Table 9: portfolio breakdown by fixed-rate term

The effective duration of the portfolio, considering moving and early repayment options, was 8.3 years per 31-12-2021 (31-12-2020: 8.3 years).

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

Breakdown by coupon %	31-12-2021	31-12-2020
Less than 1.5 %	18.97%	6.67%
1.5 % - 2.0 %	36.04%	33.48%
2.0 % - 2.5 %	29.83%	39.40%
2.5 % - 3.0 %	15.14%	20.42%
3.0 % - 3.5 %	0.02%	0.03%

Table 10: portfolio breakdown by coupon

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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).

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 2021 from € 4,492.9 million to € 5,947.3 million.

	Net Assets (x €1,000)	Subfund Returns
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 %
31-12-2017	381,074	2.56 %

Table 12: return

Over the reporting period, the Subfund achieved a return of 3.65% based on the Net Asset Value and dividend paid during the year. A key driver of the Net Asset Value movement is the movement in a.s.r.'s non-NHG WelThuis mortgage rates. Both the NHG mortgage rates and the non-NHG mortgage rates decreased in 2021. The reference index return for 2021 was -4.23%. 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 -4.23% index return is lower than the 3.65% annual return on the non-NHG Subfund. This is mainly because the swap rates increased during 2021, while the non-NHG mortgage rates decreased during the same period.

Value movement per participation	2021	2020	2019	2018	2017
Income	236.69	245.13	260.79	257.92	196.19
Changes in value	193.07	52.26	722.91	22.63	470.07
Costs	-49.90	-48.70	-47.25	-45.52	-36.38
Result after tax	**379.86**	**248.69**	**936.45**	**235.03**	**629.88**

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	31-12-2021	31-12-2020
Annuity	72.30%	71.50%
Interest-only	24.06%	24.30%
Linear amortization	3.64%	4.20%

Table 14: portfolio breakdown by product

Mortgage portfolio by province	31-12-2021	31-12-2020
Drenthe	1.86%	1.86%
Flevoland	2.19%	2.00%
Friesland	1.82%	1.70%
Gelderland	11.16%	11.67%
Groningen	1.81%	1.66%
Limburg	4.57%	4.40%
Noord-Brabant	15.90%	16.30%
Noord-Holland	19.00%	18.18%
Overijssel	4.76%	4.82%
Zuid-Holland	21.48%	21.03%
Utrecht	13.35%	13.54%
Zeeland	1.39%	1.52%
Other (new developments)	0.71%	1.32%

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.

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

	31-12-2021		31-12-2020	
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%	8.48%	0.01%	8.90%
10 – 20%	0.11%	16.21%	0.13%	16.38%
20 – 30%	0.34%	25.87%	0.34%	25.89%
30 – 40%	0.74%	35.47%	0.80%	35.38%
40 – 50%	1.77%	45.87%	1.67%	45.68%
50 – 60%	3.27%	55.47%	2.88%	55.50%
60 – 70%	7.54%	65.76%	6.03%	65.88%
70 – 80%	19.64%	75.68%	16.61%	75.84%
80 – 90%	25.31%	84.77%	24.65%	84.61%
90 – 100%	38.46%	94.97%	44.47%	95.56%
More than 100%	2.80%	102.64%	2.41%	102.05%

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 (%)	31-12-2021	31-12-2020
Less than 100,000	0.58%	0.71%
100,001 – 200,000	5.82%	6.25%
200,001 – 300,000	21.85%	23.76%
300,001 – 400,000	37.20%	37.33%
400,001 – 500,000	18.52%	17.65%
500,001 – 600,000	8.99%	8.12%
600,001 – 700,000	4.17%	4.35%
700,001 – 800,000	1.82%	1.35%
More than 800,000	1.05%	0.48%

Table 17: portfolio breakdown by remaining debt

On 31 December 2021, a provision for credit losses amounting to €143,000 (31-12-2020: €11,000) has been recorded. Six loans (€1,716,000) 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 (%)	31-12-2021	31-12-2020
Shorter than one year	0.78%	0.98%
Between 1 and 5 years	0.23%	0.32%
Between 5 and 10 years	12.61%	13.31%
Between 10 and 15 years	3.67%	3.69%
Between 15 and 20 years	64.06%	65.74%
Between 20 and 25 years	1.61%	1.38%
Between 25 and 30 years	17.04%	14.58%

Table 18: portfolio breakdown by fixed-rate term

The effective duration of the portfolio, taking into account moving and early repayment options, was 8.3 years per 31-12-2021 (31-12-2020: 8.3 years). The following overview shows a breakdown of the portfolio by mortgage interest rate at loan level.

Breakdown by coupon %	31-12-2021	31-12-2020
Less than 1.5 %	4.56%	1.48%
1.5 % - 2.0 %	44.42%	28.30%
2.0 % - 2.5 %	22.78%	28.75%
2.5 % - 3.0 %	25.54%	36.11%
More than 3.0 %	2.70%	5.36%

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 2021.

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, 7 March 2022

ASR Vermogensbeheer N.V.

On behalf of ASR Mortgage Fund

The management,

Mr. J.T.M. Julicher (director)
Mr. M.R. Lavooi (director)
Mrs. W.M. Schouten (director)
Mr. N.H. van den Heuvel (CFRO)

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 2025	Yes
Mr. Labe	December 2021	Yes
Mr. Beetsma	December 2022	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 2020 external audit report;
- the manager's ISAE 3402 type 2 statement;
- the 2020 annual report;
- the 2021 semi-annual report;
- compliance with the Fund Governance Code;
- feedback from participant meetings;
- performance and risk management overviews, including the complaints and incidents register;
- the impact of the coronavirus on the mortgage funds.

Explanation on several topics discussed by the Supervisory Board

- When discussing the risk reports, considerable attention was paid to any additional operational risks related to working from home as a result of the coronavirus crisis. It was observed that this has not led to an increase in incidents or incidents that can be traced back to working from home.
- Also the impact of the coronavirus crisis on the mortgage market and the mortgage funds was discussed throughout the year, including the impact on the mortgage fund targets for 2021.

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

Utrecht, 7 March 2022

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

Financial statements 2021
Subfund with Dutch National Mortgage Guarantee

Balance sheet

Balance sheet as at 31 December 2021 (before appropriation of the result x €1,000)

Balance sheet	31-12-2021	31-12-2020	Reference
Investments			
Mortgages	2,105,869	1,736,168	
Total investments	**2,105,869**	**1,736,168**	1
Receivables	33,643	31,383	2
Other assets			
Cash	16	37	3
Current liabilities	-18,589	-18,200	4
Receivables and other assets less current liabilities	**15,070**	**13,220**	
Assets less current liabilities	**2,120,939**	**1,749,388**	
Issued participation capital	2,026,834	1,659,642	
Other reserves	87,542	58,018	
Unappropriated result	6,563	31,728	
Total Net Assets	**2,120,939**	**1,749,388**	5

Profit and loss account

Profit and loss account for the period from 1 January 2021 until 31 December 2021 (x € 1.000)

Profit and loss account	01-01-2021 to 31-12-2021	01-01-2020 to 31-12-2020	Reference
Investment income	37,371	29,702	7
Realized changes in the fair value of investments	-	-	8
Unrealized changes in the fair value of investments	9,309	35,568	8
Other income	-5,238	-6,076	9
Total operating income	**41,442**	**59,194**	
Management fee	-8,960	-6,599	
Other expenses	-42	33	
Total operating expenses	**-9,002**	**-6,566**	10
Profit after tax	**32,440**	**52,628**	

Cashflow statement

Cashflow statement for the period 1 January 2021 to 31 December 2021 (x €1,000)
Prepared according to the indirect method

Cashflow statement	01-01-2021 to 31-12-2021	01-01-2020 to 31-12-2020	Reference
Total investment result	32,440	52,628	
Changes in the fair value of investments	-9,309	-35,568	1
Change in the provision for credit losses	42	-33	
Acquisition of investments (-)	-477,048	-534,902	1
Sales and repayments of investments (+)	116,614	82,884	1
Increase (-)/Decrease (+) in receivables	-2,260	-5,800	2
Increase (+)/Decrease (-) in liabilities	389	1,215	4
Net cash flow from investment activities	**-339,132**	**-439,576**	
Issue of participations	412,935	479,988	5
Redemption of participations	-45,743	-17,749	5
Dividend payment	-28,081	-22,626	
Net cash flow from financing activities	**339,111**	**439,613**	
Movement in cash	**-21**	**37**	
Cash per January 1	37	-	3
Cash per December 31	16	37	3
Movement in cash	**-21**	**37**	

Principles of valuation and determination of results

General
The 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 7 March 2022.

Reporting period and comparative figures
The annual report covers the period from 1 January 2021 to 31 December 2021. Prior period comparative figures relate to the period 1 January 2020 to 31 December 2020.

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 2021.

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 Securities Services S.C.A. 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
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 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 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 rates 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.

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) less 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	31-12-2021	31-12-2020
Mortgages	2,105,916	1,736,173
Provision for credit losses	-47	-5
Total investments	**2,105,869**	**1,736,168**

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

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**

Movement schedule of investments	Fair Value 01-01-2020	Purchases	Repayments	Revaluation	Fair Value 31-12-2020
Mortgages	1,248,587	534,902	-82,884	35,568	1,736,173
Total	**1,248,587**	**534,902**	**-82,884**	**35,568**	**1,736,173**

The net present value calculation is used for the valuation of mortgages. Please refer to the principles of value calculation for the assumptions applied to this connection. At 31 December 2021 the provision for credit losses amounted to € 47 (31 December 2020: € 5).

2. Receivables

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

Receivables	31-12-2021	31-12-2020
Mortgage debtors	39	25
Amounts receivable for construction deposits	17,713	17,486
Mortgage interest receivable	3,126	2,779
Other mortgage receivables	12,765	11,093
Total	**33,643**	**31,383**

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.

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	31-12-2021	31-12-2020
Management fee payable	-807	-653
Construction deposits amounts payable	-17,713	-17,486
Other liabilities	-69	-61
Total	**-18,589**	**-18,200**

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	31-12-2021	31-12-2020	31-12-2019
Fund Net Assets (x € 1.000)	2,120,939	1,749,388	1,257,147
Number of participations	191,952	158,779	116,258
Net Asset Value in euros per participation	11,049.30	11,017.77	10,813.36

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 2021 this amounts to € 124,766 (31-12-2020: € 115,457).

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

Issued participation capital	01-01-2021 to 31-12-2021	01-01-2020 to 31-12-2020
Balance at the start of the reporting period	1,659,642	1,197,403
Issued during the reporting period	412,935	479,988
Repaid to participants during the reporting period	-45,743	-17,749
Balance at the end of the reporting period	**2,026,834**	**1,659,642**

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

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

Movement schedule of number of Participations	Number 01-01-2020	Issue	Redemption	Number 31-12-2020
Subfund with NHG	116,258	44,155	-1,634	158,779

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

Other reserves	01-01-2021 to 31-12-2021	01-01-2020 to 31-12-2020
Balance at the start of the reporting period	58,018	6,802
Addition in the reporting period	31,728	52,942
Dividend payment	-2,204	-1,726
Balance at the end of the reporting period	**87,542**	**58,018**

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

Unappropriated result	01-01-2021 to 31-12-2021	01-01-2020 to 31-12-2020
Balance at the start of the reporting period	31,728	52,942
Profit distribution in the previous financial year	-31,728	-52,942
Result of the current financial year	32,440	52,628
Dividend paid with regard to current reporting period	-25,877	-20,900
Balance at the end of the reporting period	**6,563**	**31,728**

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	01-01-2021 to 31-12-2021	01-01-2020 to 31-12-2020
Interest from mortgages	37,386	29,710
Interest from cash	-15	-8
Total	**37,371**	**29,702**

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	01-01-2021 to 31-12-2021 (positive)	01-01-2021 to 31-12-2021 (negative)	01-01-2020 to 31-12-2020 (positive)	01-01-2020 to 31-12-2020 (negative)
Mortgages	-	-	-	-
Total	**-**	**-**	**-**	**-**

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	01-01-2021 to 31-12-2021 (positive)	01-01-2021 to 31-12-2021 (negative)	01-01-2020 to 31-12-2020 (positive)	01-01-2020 to 31-12-2020 (negative)
Mortgages	16,412	-7,103	40,088	-4,520
Total	**16,412**	**-7,103**	**40,088**	**-4,520**

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) less 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	01-01-2021 to 31-12-2021	01-01-2020 to 31-12-2020
Management fee	-8,960	-6,599
Other expenses	-42	33
Total	**-9,002**	**-6,566**

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

Ongoing Charges Figure (OCF)

	Information Memorandum	01-01-2021 to 31-12-2021	01-01-2020 to 31-12-2020
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)

	01-01-2021 to 31-12-2021	01-01-2020 to 31-12-2020
Subfund with NHG	6.79%	8.22%

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 € 202.5 million in the Subfund with NHG (18,328 participations).
- ASR Vooruit Mixfondsen and ASR Pensioen Mixfondsen participate for an amount of € 80.9 million in the Subfund with NHG (7,323 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)	01-01-2021 to 31-12-2021
Investment income	37,371
Management fee	-8,960
Dividend paid during the reporting period	-28,081
Dividend paid with regard to previous reporting period	2,204
Surplus / deficit to be settled	**2,534**

The surplus of € 2,534 relates to the interest result for December and was paid to the Participants in January 2022.

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, 7 March 2022

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

The management,
Mr. J.T.M. Julicher (director)
Mr. M.R. Lavooi (director)
Mrs. W.M. Schouten (director)
Mr. N.H. van den Heuvel (CFRO)

Other information

Independent auditor's report
To: the participants 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 2021 of ASR Mortgage Fund - Subfund with Dutch National Mortgage Guarantee (or hereafter '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 2021, and of its result for 2021 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 2021;
2 the profit and loss account for 2021; 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 believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 board's report and the other information.

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, ASR Vermogensbeheer N.V., is responsible for the preparation of the other information, including the management board's 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 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 company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company'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 company 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.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group operations. Decisive were the size and/or the risk profile of the group operations. On this basis, we selected group operations for which an audit or review had to be carried out on the complete set of financial information or specific items.

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, 7 March 2022
KPMG Accountants N.V.

G.J. Hoeve RA

Financial statements 2021 Subfund without Dutch National Mortgage Guarantee

Balance sheet

Balance sheet as at 31 December 2021 (before appropriation of the result x €1,000)

Balance sheet	31-12-2021	31-12-2020	Reference
Investments			
Mortgages	5,885,174	4,456,694	
Total investments	**5,885,174**	**4,456,694**	1
Receivables	143,335	103,304	2
Other assets			
Cash	12	-	3
Current liabilities	-81,249	-67,136	4
Receivables and other assets less current liabilities	**62,098**	**36,168**	
Assets less current liabilities	**5,947,272**	**4,492,862**	
Issued participation capital	5,679,509	4,315,500	
Other reserves	170,545	152,184	
Unappropriated result	97,218	25,178	
Total Net Assets	**5,947,272**	**4,492,862**	5

Profit and loss account

Profit and loss account for the period from 1 January 2021 until 31 December 2021 (x € 1.000)

Profit and loss account	01-01-2021 to 31-12-2021	01-01-2020 to 31-12-2020	Reference
Investment income	109,100	86,133	7
Realized changes in the fair value of investments	-53	-	8
Unrealized changes in the fair value of investments	111,986	29,054	8
Other income	-22,940	-10,690	9
Total operating income	**198,093**	**104,497**	
Management fee	-22,867	-17,108	
Other expenses	-132	-3	
Total operating expenses	**-22,999**	**-17,111**	10
Profit after tax	**175,094**	**87,386**	

Cashflow statement

Cashflow statement for the period 1 January 2021 to 31 December 2021 (x €1,000)
Prepared according to the indirect method

Cashflow statement	01-01-2021 to 31-12-2021	01-01-2020 to 31-12-2020	Reference
Total investment result	175,094	87,386	
Changes in the fair value of investments	-111,933	-29,054	1
Change in the provision for credit losses	132	3	
Acquisition of investments (-)	-1,647,628	-1,757,584	1
Sales and repayments of investments (+)	330,949	267,265	1
Increase (-)/Decrease (+) in receivables	-40,031	-5,384	2
Increase (+)/Decrease (-) in liabilities	14,113	-787	4
Net cash flow from investment activities	**-1,279,304**	**-1,438,155**	
Issue of participations	1,534,647	1,553,414	5
Redemption of participations	-170,638	-49,529	5
Dividend payment	-84,693	-66,994	
Net cash flow from financing activities	**1,279,316**	**1,436,891**	
Movement in cash	**12**	**-1,264**	
Cash per January 1	-	1,264	3
Cash per December 31	12	-	3
Movement in cash	**12**	**-1,264**	

Principles of valuation and determination of results

General
The 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 7 March 2022.

Reporting period and comparative figures
The annual report covers the period from 1 January 2021 to 31 December 2021. Prior period comparative figures relate to the period 1 January 2020 to 31 December 2020.

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 2021.

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 Securities Services S.C.A. 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
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.

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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 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 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 rates 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.

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) less 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	31-12-2021	31-12-2020
Mortgages	5,885,317	4,456,705
Provision for credit losses	-143	-11
Total investments	**5,885,174**	**4,456,694**

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

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**

Movement schedule of investments	Fair Value 01-01-2020	Purchases	Repayments	Revaluation	Fair Value 31-12-2020
Mortgages	2,937,332	1,757,584	-267,265	29,054	4,456,705
Total	**2,937,332**	**1,757,584**	**-267,265**	**29,054**	**4,456,705**

The net present value calculation is used for the valuation of mortgages. Please refer to the principles of value calculation for the assumptions applied in this connection. At 31 December 2021 the provision for credit losses amounted to € 143 (31 December 2020: € 11).

2. Receivables

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

Receivables	31-12-2021	31-12-2020
Mortgage debtors	73	54
Amounts receivable for construction deposits	78,869	64,541
Mortgage interest receivable	9,793	8,131
Other mortgage receivables	54,600	30,578
Total	**143,335**	**103,304**

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.

3. Cash

Cash relates to credit balances with banks that are available on demand. At 31 December 2020 the negative cash balance (€ 651) was recognized under current liabilities.

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	31-12-2021	31-12-2020
Management fee payable	-2,250	-1,714
Due to credit institutions	-	-651
Construction deposits amounts payable	-78,869	-64,541
Other liabilities	-130	-230
Total	**-81,249**	**-67,136**

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	31-12-2021	31-12-2020	31-12-2019
Fund Net Assets (x € 1.000)	5,947,272	4,492,862	2,968,585
Number of participations	538,635	414,672	274,880
Net Asset Value in euros per participation	11,041.37	10,834.73	10,799.56

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 2021 this amounts to € 351,193 (31 December 2020: € 239,207).

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

Issued participation capital	01-01-2021 to 31-12-2021	01-01-2020 to 31-12-2020
Balance at the start of the reporting period	4,315,500	2,811,615
Issued during the reporting period	1,534,647	1,553,414
Repaid to participants during the reporting period	-170,638	-49,529
Balance at the end of the reporting period	**5,679,509**	**4,315,500**

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

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

Movement schedule of number of Participations	Number 01-01-2020	Issue	Redemption	Number 31-12-2020
Subfund without NHG	274,880	144,397	-4,605	414,672

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

Other reserves	01-01-2021 to 31-12-2021	01-01-2020 to 31-12-2020
Balance at the start of the reporting period	152,184	7,851
Addition in the reporting period	25,178	149,119
Dividend payment	-6,817	-4,786
Balance at the end of the reporting period	**170,545**	**152,184**

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

Unappropriated result	01-01-2021 to 31-12-2021	01-01-2020 to 31-12-2020
Balance at the start of the reporting period	25,178	149,119
Profit distribution in the previous financial year	-25,178	-149,119
Result of the current financial year	175,094	87,386
Dividend paid with regard to current reporting period	-77,876	-62,208
Balance at the end of the reporting period	**97,218**	**25,178**

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	01-01-2021 to 31-12-2021	01-01-2020 to 31-12-2020
Interest from mortgages	109,127	86,160
Interest from cash	-27	-27
Total	**109,100**	**86,133**

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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	01-01-2021 to 31-12-2021 (positive)	01-01-2021 to 31-12-2021 (negative)	01-01-2020 to 31-12-2020 (positive)	01-01-2020 to 31-12-2020 (negative)
Mortgages	-	-53	-	-
Total	**-**	**-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	01-01-2021 to 31-12-2021 (positive)	01-01-2021 to 31-12-2021 (negative)	01-01-2020 to 31-12-2020 (positive)	01-01-2020 to 31-12-2020 (negative)
Mortgages	127,150	-15,164	44,248	-15,194
Total	**127,150**	**-15,164**	**44,248**	**-15,194**

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) less 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	01-01-2021 to 31-12-2021	01-01-2020 to 31-12-2020
Management fee	-22,867	-17,108
Other expenses	-132	-3
Total	**-22,999**	**-17,111**

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

Ongoing Charges Figure (OCF)

	Information Memorandum	01-01-2021 to 31-12-2021	01-01-2020 to 31-12-2020
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.

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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)

	01-01-2021 to 31-12-2021	01-01-2020 to 31-12-2020
Subfund without NHG	5.39%	11.14%

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 € 578.2 million in the Subfund without NHG (52,363 participations).
- ASR Vooruit Mixfondsen and ASR Pensioen Mixfondsen participate for an amount of € 150.5 million in the Subfund with NHG (13,627 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)	01-01-2021 to 31-12-2021
Investment income	109,100
Management fee	-22,867
Dividend paid during the reporting period	-84,693
Dividend paid with regard to previous reporting period	6,817
Surplus / deficit to be settled	**8,357**

The surplus of € 8,357 relates to the interest result for December and was paid to the Participants in January 2022.

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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, 7 March 2022

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

The management,

Mr. J.T.M. Julicher (director)
Mr. M.R. Lavooi (director)
Mrs. W.M. Schouten (director)
Mr. N.H. van den Heuvel (CFRO)

Other information

Independent auditor's report
To: the participants 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 2021 of ASR Mortgage Fund - Subfund without Dutch National Mortgage Guarantee (or hereafter '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 2021, and of its result for 2021 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 2021;
2. the profit and loss account for 2021; 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 believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 board's report and the other information.

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, ASR Vermogensbeheer N.V., is responsible for the preparation of the other information, including the management board's 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 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 company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company'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 company 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.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group operations. Decisive were the size and/or the risk profile of the group operations. On this basis, we selected group operations for which an audit or review had to be carried out on the complete set of financial information or specific items.

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, 7 March 2022
KPMG Accountants N.V.

G.J. Hoeve RA

Appendix 1

Periodic disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852

Reference period: 1 January 2021 to 31 December 2021

This product:

Promotes Environmental / Social characteristics, but it does not have sustainable investments as its objective.

[ ] The Fund does not invest entirely in sustainable investments (as defined in article 2, sub 17, SFDR (Directive (EU) 2019/2088)).

[X] The Fund invests partly in sustainable investments (as defined in article 2, sub 17, SFDR (Directive (EU) 2019/2088)).

Has a reference benchmark been designated on the basis of which the realization of the environmental or social characteristics promoted by this financial product can be measured?

[…] Yes
[X] No

Environmental and / or social characteristics

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

The Fund promoted the following **environmental** characteristics:

- the energy efficiency and sustainability of the homes for which the mortgages were provided.

By promoting these environmental characteristics, the Fund contributed to climate change mitigation, an environmental objective as mentioned in Article 9 Regulation (EU) 2020/852 (the **''EU Taxonomy Regulation"**).

The Fund promoted the following social characteristics, and thus contributes to a social objective:

- Making the Dutch housing market more accessible for first-time buyers.

For more details on the environmental and **social** characteristics continuously promoted by the Fund, we refer to paragraph I, Annex 6 of the Information Memorandum.

1.1 How did the sustainable indicators perform?

Indicator I - The level of carbon emissions (CO2) from the homes related to the mortgage portfolio

Since the third quarter of 2019, a.s.r. has measured the carbon footprint of the Fund. It does so in accordance with official PCAF methodology, which was refined at the end of 2020. This refined PCAF 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 the Fund, the emission figure is 12.5 tonnes of CO2eq per EUR 1 million of nominal debt at the end of 2021 (ultimo December 2020 13.8 tonnes in accordance with the refined methodology).

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For both Subfunds the emission figures are:
- Subfund NHG: 16.8 tonnes of CO2eq per EUR 1 million of nominal debt (December 2020, 18.0)
- Subfund Non-NHG: 10.9 tonnes of CO2eq per EUR 1 million of nominal debt (December 2020, 12.1)

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 each Subfund (as included in the figure under indicator IV).

Indicator II – Percentage of a.s.r. WelThuis mortgages with a sustainability component in the investment portfolio after 1 year from issue

The a.s.r. WelThuis Sustainable Mortgage Loan was introduced in September 2019. For Q4-2021, after one year from issue, 81% of the users in the non-NHG Subfund have used their sustainability mortgage, and 75% of the users in the NHG Subfund have used their sustainability mortgage. As of Q4 2021 we can also draw conclusions about the use of the sustainability mortgage after two years, since the sustainability mortgage was introduced in September 2019. As the sustainability funding account closes after two years this gives insight into the definitive use of the account. We see a relatively high level of use of the sustainability mortgage. For Q4-2021 94.0% of the users of the NHG Subfund have used their sustainability mortgage, and 83.0% of the users of the non-NHG Subfund have used their sustainability mortgage.

From Q2 2021 onwards, ASR 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.

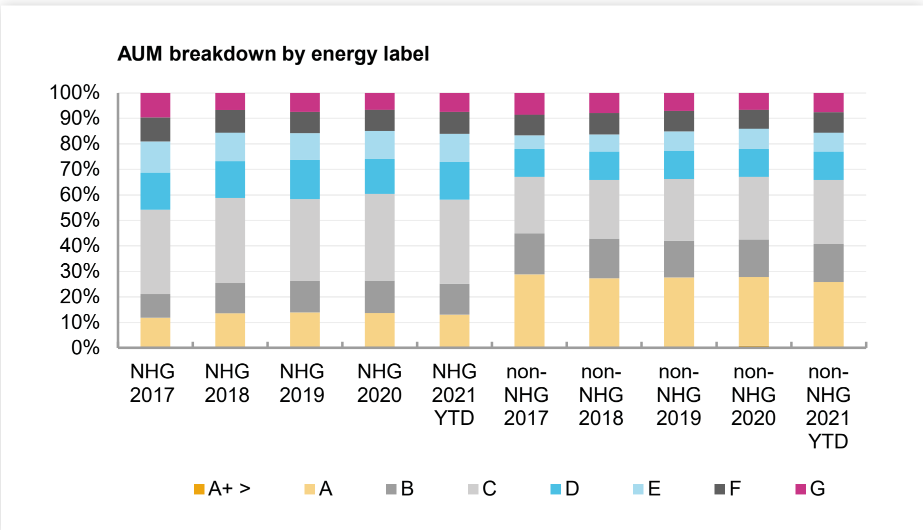
More than 25% of new mortgage applications include a sustainability component to their mortgage loans, in comparison with 9% average for Dutch mortgage providers. ASR's numbers for sustainability mortgage applications provide evidence of the great success of its sustainability mortgage: for Q4-2021 14% (for Q4-2020: 15%) of new ASR mortgages by the end of 2021 added an ASR sustainability mortgage.

Indicator III – Euro financing withdrawn for improving the sustainability of the collateral from agreed sustainability facilities

With the WelThuis sustainability mortgage, a.s.r. facilitates the borrower with accessible and attractive financing for making its home more sustainable, thus contributing to climate change mitigation. Since October 2019, a sustainability mortgage ('verduurzamingshypotheek') is offered as standard in every new a.s.r. WelThuis mortgage offer. For a standard amount of EUR 9,000, the borrower has access to a sustainability deposit for two years, from which financing can be drawn upon presentation of proof of purchase of a sustainability measure.

Indicator IV – breakdown energy labels

a.s.r. monitors the composition of the portfolio of the Fund based on energy labels once a quarter. The figure below shows the breakdown of the mortgage portfolio of each Subfund by energy label (at year-end):



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Indicator V – Percentage of a.s.r. WelThuis starter mortgages in the investment portfolio

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 term of longer than 30 years. Such mortgages, being the a.s.r. WelThuis starter mortgages, have a repayment term of longer than 30 years and are a successful niche product.

As at 31 December 2021 the share of a.s.r. WelThuis starter mortgages was equal to 1.03% of the total mortgage portfolio of the non-NHG Subfund and 2.20% of the NHG Subfund.

1.2 … and compared to previous periods?

This is the first time that periodic reporting is carried out in this format according to Article 11 Regulation (EU) 2019/2088 (''**SFDR**''). Where available, we have provided information on a comparison with previous reference periods in section 1.1.

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

We refer to our explanation on this topic in paragraph 1.1 – 1.2.

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

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. In order to provide insight into the applicability of this principle, an improvement in data quality and the availability of the required data using the EU Taxonomy Regulation is necessary. The sectoral minimum performance criteria for the six EU environmental objectives in the EU Taxonomy Regulation are still under development and the EU Taxonomy Regulation will enter into force in stages over the next few years. It is expected that from 2023 onwards, it will be possible to provide more insight into how the principle of "do no significant harm" will be met.

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

The Fund Manager has included a Principal Adverse Impact (PAI) statement on its website. The Fund Manager applies this in the management of investment funds. Not every decision on acquiring a Mortgage Receivable takes the impact on sustainability factors into account. The reason for this is that the Fund's portfolio represents a broad cross-section of ASR Levensverzekering N.V.'s mortgage production.

Nonetheless, through originator ASR Levensverzekering N.V., the aim is to use the policies in place to steer the underlying housing market for which mortgage credit is provided towards sustainability, as well as the broad availability of mortgage financing for first-time buyers in the housing market.

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

The Fund does not invest in companies, but only in mortgage receivables. This topic is therefore not relevant for this financial product.

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

Principal Adverse Impacts ("PAI") are taken into account in the management of the Fund. A statement on this subject is included on the Fund Manager's website. This explains the possible negative effects of its investment decisions on its sustainable investments objectives in the most transparent way possible. Overarching sustainability themes such as climate change and the energy transition, vitality and sustainable employability, financial self-sufficiency and inclusiveness are leading.

2 What were the top investments of this financial product?

The Fund invests in a large number of mortgage receivables. The relevance of listing the Fund's top investments is therefore limited. The top investments of the Fund, i.e. the largest mortgage loans which the Fund has acquired, make up a marginal proportion of the total portfolio.

Accordingly, for more detail, reference is made to the general information on the Fund's portfolio contained in the annual report.

3 What was the proportion of sustainability-related investments?

3.1.1 What was the asset allocation?

This information is included in section 'ASR Mortgage Fund Subfunds' of the annual report of the Fund. As the Fund invests in Mortgage receivables, this topic is less relevant for this financial product.

3.1.2 In which economic sectors were the investments made?

This information is included in section 'ASR Mortgage Fund Subfunds' of the annual report of the Fund. As the Fund invests in Mortgage receivables, this topic is less relevant for this financial product.

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

Statement on EU Taxonomy

The percentage of investments in the Fund covered by the EU Taxonomy Regulation is 100% as at 31 December 2021. This means that these investments could potentially make a significant contribution to climate mitigation or climate adaptation. It is currently not possible to give a more detailed answer on this, as the technical standards under the EU Taxonomy Regulation are not yet final, and there is currently insufficient ESG data available to provide further insights. We expect that, with the introduction of further sustainability regulations (including the Corporate Sustainability Reporting Directive "CSRD") in the coming years, we will be better able to provide quantitative information on this.

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

The Fund does not invest in companies, but only in mortgage receivables. This topic is therefore not relevant for this financial product.

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

We refer to the Statement on EU Taxonomy under paragraph 3.2.

3.4 What was the share of socially sustainable investments?

As at 31 December 2021 the share of a.s.r. WelThuis starter mortgages was equal to 1.03% of the total mortgage portfolio of the non-NHG Subfund and 2.20% of the NHG Subfund.

3.5 What investments were not sustainable, what was their purpose and were there any minimum environmental or social safeguards?

ASR Levensverzekering N.V. aims to provide mortgages with certain sustainability characteristics. The Fund invests in a cross-section of newly issued Mortgage Loans of ASR Levensverzekering N.V. Because not all newly issued Mortgage Loans from ASR Levensverzekering N.V. include a sustainability component and/or starter mortgage, a part of the Mortgage Receivables in which the Fund invests do not meet these characteristics. The Fund invests in these other Mortgage Receivables because the Fund invests a cross-section of ASR Levensverzekering N.V.'s newly issued mortgages. These other investments are not subject to minimum environmental or social safeguards.

These other investments are by their nature not subject to minimum environmental or social safeguards.

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

In 2021 the following activities are carried out regarding the sustainability component of the mortgage:

- In Q1 of 2021 a.s.r. Mortgages launched a monthly newsletter for all a.s.r. borrowers, offering practical tips and inspiration on saving energy and making their homer more sustainable. This newsletter is part of the platform 'Duurzaam Wonen' ('Sustainable Living'), which a.s.r. Mortgages launched in cooperation with a.s.r. Schade. This is an important part of informing our customers of the measures for improving sustainability.

- In Q2 2021 a.s.r. Mortgages started their cooperation with Milieu Centraal, a well-respected semi government institution which is considered an authority when it comes to calculations on sustainability measures. Client interviews showed that clients have a need for non-partisan information when it comes to sustainability. Milieu Centraal will help to improve energy saving reports, providing non-partisan information on sustainability measures.

- In Q4 2021, a.s.r. joined the energy efficient mortgages initiative, a European initiative to make mortgages in Europe more sustainable. a.s.r. is part of the EEMI NL Hub, the collection of Dutch lenders.

We also refer to section 'Sustainablity policy' of the annual report of the Fund, which further described recent developments in the ESG area.

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