annual report 2015

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

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2015 annual report

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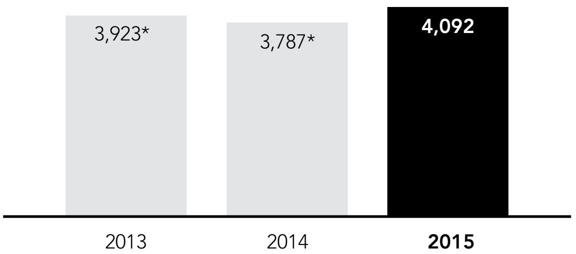
Chapter 1

a.s.r. at a glance

1.1 Key figures

Gross written premiums

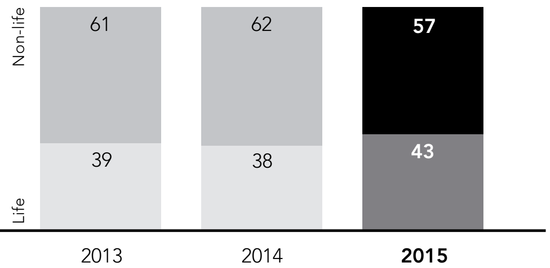
(in € millions)



* After restatement

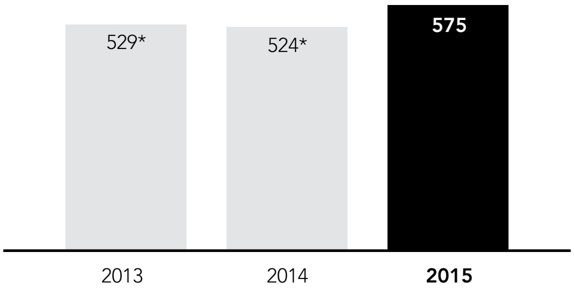
Breakdown of premium income

(in %)



Operating expenses

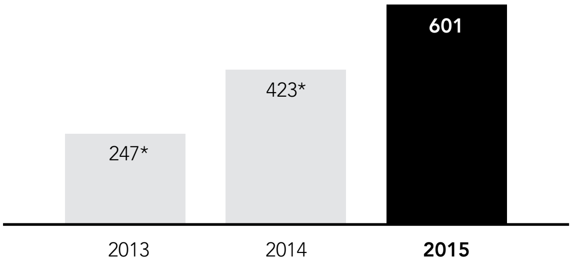
(in € millions)



* After restatement

Profit for the year

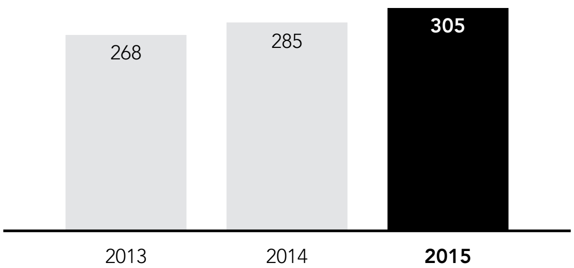
(in € millions)



* After restatement

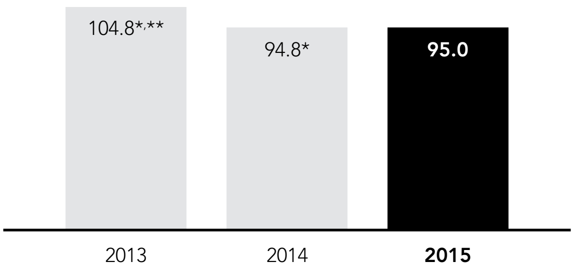
DNB Solvency I

(in %)



Combined ratio

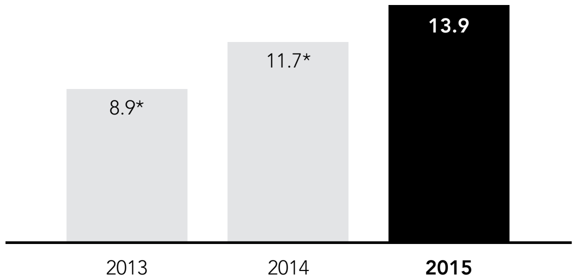
(in %)



* After restatement
** Including additional WGA-ER loss item

Operating return on equity

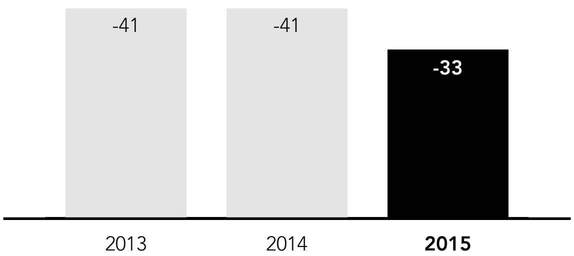
(in %)



* After restatement

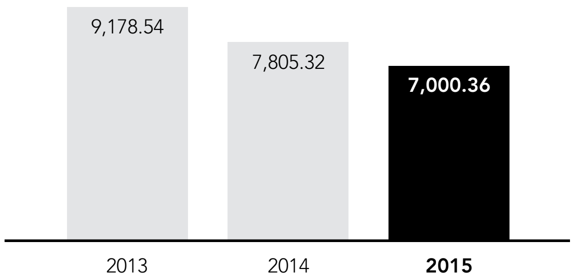
Net Promoter Score (external)

(in %)



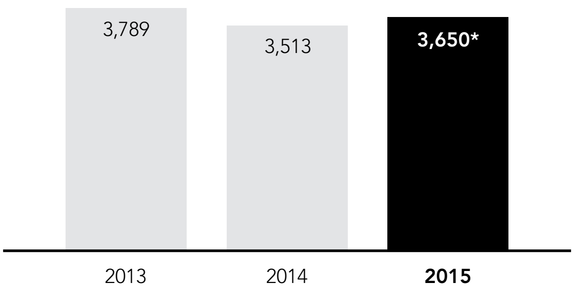
Carbon emission*

(in ton CO2)



* March 2016. The emission factors have been aligned to the most recent scientific insights. The carbon footprint for 2015 and the footprint for previous years have been redefined based on recent insights.

Number of internal FTEs



* including 344 FTE M&A, excluding M&A 3,306

1.2 Profile

ASR Nederland N.V. and its subsidiaries, hereinafter jointly referred to as a.s.r., is the Dutch insurance company for all types of insurance. Via the a.s.r., De Amersfoortse and Ditzo brands and specialist labels such as Europeesche Verzekeringen and Ardanta, a.s.r. plans to continue to focus its insurance business on P&C, occupational disability and health insurance (non-life) policies and pensions, individual life and funeral expenses insurance (life) policies, as well as on the distribution of insurance products. a.s.r. also offers specific banking and investment products and asset management services. Except for operating a small Belgian funeral expenses insurance portfolio, which is recognized as a business line of ASR Levensverzekering N.V., a.s.r. operates exclusively in the Dutch market.
Having generated € 4,092 million in gross written premiums (GWP) in 2015 and servicing approximately 1.52 million customers (through its a.s.r., De Amersfoortse and Ditzo labels), a.s.r. is the fourth largest insurance company in the Netherlands measured by GWP.

a.s.r. allows people to take out insurance for risks they are unable or unwilling to bear alone, and to help customers grow their assets for later. Customers need to be able to rely on a.s.r. meeting its financial obligations because a.s.r. enters into long-term liabilities such as pension contracts. That is why sustainable financial robustness is essential and one of the top priorities.

a.s.r. is confident that it can prove its right to exist by acting based on customer interests and customer perception. This is something that all employees work towards on a daily basis. And it is the employees that give the service of a.s.r. a face and determine its quality. a.s.r.'s products and services need to follow in step. Customers can rest assured that their risks are covered by an insurer that operates sober and avoids waste, listens to them and puts itself in their shoes. In order to position itself well in different customer segments of the Dutch insurance market, a.s.r. pursues a hybrid and multi-brand distribution strategy and offers products through 5,500 intermediaries.

In its policies, a.s.r. takes account of the interests of its customers and employees, shareholder, and a broad group of external stakeholders (business partners, regulators, politicians, regional governments, industry associations, trade unions, non-governmental organizations (NGOs) and local communities).

a.s.r. has its registered office in the Netherlands. Its head office is located at Archimedeslaan 10 in Utrecht. The offices at Pythagoraslaan in Utrecht and Stadsring in Amersfoort were closed in 2015. a.s.r. also has offices in Amsterdam (until April 2016) and Enschede. a.s.r.'s subsidiaries are based in various locations in the Netherlands.

1.2.1 History

1720	Establishment of N.V. Maatschappij van Assurantie der Stad Rotterdam
1816	Establishment of Woudsend Verzekeringen
1847	Establishment of Let op Uw Einde
1883	Establishment of De Utrecht (predecessor to AMEV)
1920	Establishment of Europeesche Verzekeringen
1964	Establishment of De Amersfoortse
1965	Establishment of Ardanta
1981	Falcon Life created from Mercator Life
1990	Merger between AMEV and VSB Group, followed by merger between AG Groep with AMEV/VSB
2000	Merger between ASR Group and Fortis AMEV, Fortis's Dutch insurance operations
2005	Integration of insurance operations of Stad Rotterdam, AMEV, Woudsend Verzekeringen into Fortis ASR
2008	End of Fortis era: a.s.r. continues on as an independent company with the Dutch State as its sole shareholder
2015	Dutch government takes decision on sale of a.s.r.

a.s.r. roots go back to 1720 with the foundation of N.V. Maatschappij van Assurantie, Discontering en Beleening der Stad Rotterdam anno 1720, which – on 21 June 1720 – became the first listed insurance company in the Netherlands. The company in its present form was created in 2000 by the acquisition of ASR Verzekeringsgroep by the Fortis group. ASR Verzekeringsgroep was formed via acquisitions and mergers of, and partnerships with, a number of other companies, including insurers such as Woudsend Verzekeringen, Europeesche Verzekeringen, De Amersfoortse and Stad Rotterdam. The Fortis group saw the light in 1990 as a result of the merger of AG Group, Dutch insurer AMEV and Bank Group VSB. In the autumn of 2008, following the financial difficulties of Fortis group and to prevent further disruption of the Dutch economy, the Dutch State acquired the Dutch entities of Fortis group and forced Fortis to spin off Fortis Verzekeringen Nederland N.V., which now operates as ASR Nederland N.V.

Although ASR Nederland N.V. was acquired by the Dutch State as a result of the nationalization of Fortis group, it has never received any state aid.

On 29 September 2011, the Dutch State transferred all of the shares to NLFI in exchange for depositary receipts for these shares. NLFI is responsible for managing the shares and exercising all rights associated with these shares under Dutch law, including the voting rights. Since the date of nationalization, the Dutch Minister of Finance has indicated that the investment was intended to be temporary and that a.s.r. was to be returned to the market. On 28 January 2016 the Lower House of Dutch Parliament agreed with the governments plan to initiate the process of the sale of a.s.r. The Minister requested NLFI and a.s.r. to start preparing for an IPO, so that privatization will become an option from the first half of 2016.

1.3 Message from the CEO

2015 was a good year for a.s.r., in which we posted solid results. We were disciplined about implementing our strategy in 2015 as well, which helped us to streamline our business operations, concentrating on key themes such as customer focus, efficiency, robustness and balance sheet optimization.

Thanks to our strategic choices over the past few years, we have managed to steadily improve our Net Promoter Score, the benchmark for the degree to which customers recommend us to others. But we have also succeeded in improving and simplifying our products and in gaining more appreciation from advisors and consumer panels for our products and services. What is more, our efforts have resulted in cost control; we first made cost cuts by implementing smarter, more efficient procedures. After a few years of cost reductions, we now see our costs stabilizing.

Our solvency ratio at year-end 2015 was once again robust. It has, in fact, been the one of the most robust solvency ratios among Dutch insurance companies for years. In 2015, a.s.r. focused heavily on the implementation of the Solvency II regime, which took effect on 1 January 2016. a.s.r. is committed to not taking any irresponsible risks, based on a prudent investment policy and its preference for value over volume. The idea is that an insurance company should always be in a position to meet its financial obligations, both now and in the future.

Our strategy led to a number of choices and decisions in 2015. In the pension and funeral insurance markets, for instance, we bolstered our position by acquiring pension insurer De Eendragt and funeral insurer AXENT. These acquisitions are complementary in terms of risk and capital. We undertook these acquisitions in the knowledge that the Dutch insurance market will continue to contract in 2015 and growth in this market could be achieved through strategic acquisitions provided that they are in line with our financial objectives. We are also seeing changes in the distribution landscape and the provision of service is gaining traction. This has prompted us, based on our strategic pillars of customer focus and expertise, to invest in our ties with advisors, by acquiring Van Kampen Groep and Dutch ID. This is how we shore up our position in the intermediary channel, which is our most important distribution channel.

We continued to tweak our core activities in 2015. As a result, we sold SOS International early in 2016. In addition, some of our real estate development business is now held for sale. Our sharper focus on core activities has also led to the acquisition of BNG Vermogensbeheer, an asset manager, in January 2016. This acquisition ties in with our ambition to leverage the knowledge we have accumulated for our clients as an asset manager for third parties as well. Moreover, we focused on optimizing our balance sheet in 2015. Measures taken for this purpose included the issue of a new hybrid loan and the reinsurance of some of our pension portfolio.

In an insurance market where achieving organic growth in combination with responsible returns proved challenging, winning customer trust is the only way to success.
Our products and services were rated highly by our customers in 2015 too. a.s.r. Non-life, for instance, saw a sharp increase in the number of *Vernieuwde Voordeel Pakket* policies sold. And De Amersfoortse's *Werknemers Pensioen* was also welcomed by the market in 2015 too.

At the end of 2015, the renovation of the building at Archimedeslaan in Utrecht was completed, which allowed us to welcome the remaining De Amersfoortse colleagues who had not moved to Utrecht before. Our colleagues at Europeesche Verzekeringen will also join us soon. With a total of 3,300 work stations, nearly all employees have now been brought under the same roof and the conditions have been created to work in accordance with the principles of The New World of Work. This was motivated by the idea that this will allow us to provide even better customer services.

In 2015, a.s.r. also continued to prepare for a future as a private company. In January 2016, the Dutch Parliament approved the Cabinet plan to privatize a.s.r. through a potential IPO. The Finance Minister has requested a.s.r. and its shareholder NLFI to start preparing for an IPO, so that privatization will become an option from the first half of 2016. All our actions are motivated by our strategy to be a socially relevant insurer that is robust, customer-oriented, cost-efficient and knowledgeable. But a.s.r. also wants to be an agile insurer that adapts to a rapidly changing market. And for this, we need our employees to be flexible as well. We put a lot of effort into internal mobility and staff development, based on the idea that our customers will also benefit from the expertise, motivation and flexibility of our people. And this approach is paying dividends. We are seeing that customers are more satisfied with our service provision as they award us a better NPS score and intermediaries tend to recommend a.s.r. more often. I am proud of the expertise of our people and the enthusiasm, drive and commitment they display on a daily basis.

Jos Baeten
Chief Executive Officer

1.4 Highlights of 2015

1.4.1 Financial developments

a.s.r. looks back on another good year. Earnings before tax (EBT) rose to € 521 million in 2015 (up 25%). The Solvency II ratio (based on the standard formula) is robust (midpoint estimate of 185% after proposed dividends). At 95.0%, the combined ratio in the Non-life segment continued to be strong. Acquisitions further improved a.s.r.'s strategic market position in 2015. a.s.r. intends to distribute € 170 million in dividend to its shareholder for 2015; this represents a 22% increase on 2014.

Earnings before tax up 25% to € 521 million (2014: € 417 million); sharp rise in profit for the year to € 601 million (2014: € 423 million)

- Earnings before tax, which are an indicator of the underlying financial performance, were up 25%, rising to € 521 million. The operating return on equity climbed from 11.7% to 13.9%. EBT increased in both the Non-life segment and the Life segment, as well as in the non-insurance business.
- Profit for the year was up 42%, reaching € 601 million, due to the higher EBT, a one-off increase in equity investment income and an increase in the value of the property portfolio.
- Operating expenses amounted to € 575 million, representing a 10% rise on 2014 (€ 524 million). The increase was mainly due to the expansion of activities in the distribution channel (acquisitions of Van Kampen Groep and Dutch ID), the acquisitions of pension insurer De Eendragt and funeral insurer AXENT, and incidental expense items.
- At 95.0%, the combined ratio was in line with 2014 (94.8%).

Premium income up 8% to € 4,092 million: stable in Non-life segment and rising in Life segment

- In the Non-life segment, premium income was virtually stable at € 2,350 million (2014: € 2,359 million).
- In the Life segment, premium income rose to € 1,828 million (2014: € 1,543 million), due in particular to a buy-out of a pension fund and the strategic acquisitions of De Eendragt and AXENT.

Robust solvency position; Solvency II ratio midpoint estimate at 185% after dividend (31 December 2014: approx. 170%)

- At its midpoint estimate, the Solvency II ratio stood at 185% at 31 December 2015 after distribution of the proposed dividend of € 170 million, based on the standard formula (year-end 2014: approx. 170%). a.s.r. applies a bandwidth of +10 percentage points and -10 percentage points to this midpoint estimate, making allowance for both potential positive and negative factors of which the final impact has yet to be determined, referring to the interpretation of the delegated acts.
- The DNB Solvency I ratio continued to rise to 305% (year-end 2014: 285%).
- The double leverage ratio improved to 102% (year-end 2014: 121%).

Non-life

- The operating result rose from € 155 million in 2014 to € 169 million in 2015 due to an increase in earnings from both the occupational disability and health insurance businesses. In the P&C business, developments in earnings were adversely affected by the summer storms in 2015. Despite this, the combined ratio in the Non-life segment remained practically unchanged at 95.0%.
- Profit for the year was up 10%, rising from € 153 million to € 169 million due to higher earnings before tax.
- At € 2,350 million, gross written premiums in the Non-life segment (P&C, occupational disability and health insurance) were in line with 2014.
- Regular operating expenses were down 4% due to further efficiency improvements.

Life

- Earnings before tax increased from € 349 million to € 434 million in 2015, mainly because incidental provisions formed in 2014 no longer adversely affected earnings in 2015.
- Profit for the year was up € 257 million from € 299 million in 2014 to € 556 million in 2015 due to an increase in earnings before tax, higher indirect investment income and incidental items in 2014.
- Gross written premiums increased by 18% to € 1,828 million due to the buy-out of a pension fund at year-end 2014 and strategic acquisitions in 2015.
- Regular operating expenses were up 15% in 2015, mainly due to an increase in the cost base as a result of the strategic acquisitions and one-off costs due to strategic and regulatory projects.

Investments

a.s.r.'s investment policy aims to strike a balance between generating returns and preventing risks. Protecting the solvency position was an important factor in this context. Overall growth in the fair value of the investment portfolio was 5.8% in 2015 (from € 34.7 billion to € 36.7 billion). Of this increase of € 2.0 billion, € 1.0 billion was attributable to mortgages, € 0.4 billion to fixed-income securities and € 0.7 billion to equities. Property exposure was slightly lower compared to year-end 2014.
The acquisitions of AXENT and De Eendragt added € 3.5 billion to a.s.r.'s asset base. The AXENT and De Eendragt portfolios were integrated into a.s.r.'s investment policy over the course of

2015. The related increase in the investment portfolio was offset to some extent by the fall in value of the bond portfolio as a result of accrued interest and spreads.

- The ASR Dutch Core Residential Fund and the ASR Dutch Prime Retail Fund welcomed external investors in 2015, allowing a.s.r. to further reduce its participations in the property funds. As a result, a.s.r.'s participation in the two funds has fallen to approximately 80% and 40% respectively.
- The ASR Mixfonds, one of a.s.r.'s investment funds, came first in a survey conducted by the Lipper research institute in 2015. The Lipper Awards are presented to the best-performing investment funds in each category.
- The three funds operated by the a.s.r. real estate investment business, rose significantly in the sustainability ranking of institutional property funds. The ASR Dutch Core Residential Fund was even assigned the highest status, i.e. the Green Star, which was awarded to only 56% of the benchmarked funds. The ASR Dutch Prime Retail Fund and the ASR Property Fund were promoted from Green Starter to Green Talker.
- The Fair Insurance Guide mentioned a.s.r. as a positive exception in its report on life insurers investing in companies that do military business with countries that are subject to an arms embargo, are the locations of armed conflicts or are known to restrict liberties. Out of the ten insurers covered in the study, only a.s.r and one other insurance company were shown conclusively not to have invested in such companies.
- The Fair Insurance Guide awarded a.s.r. the highest score for its sustainable investment policy in 2015. a.s.r. excelled in the areas of arms and bonuses in particular (score of 10), followed by labour rights, human rights, health care and industry (score of 9).
- In the annual survey of the Dutch Association of Investors for Sustainable Development (VBDO), a.s.r. achieved a top ranking for the fifth year in a row.
- In its annual Don't Bank the Bomb report, PAX for Peace named a.s.r. a positive example in its research on how nuclear weapon products are financed. a.s.r. has explicitly excluded arms producers and traders from its investment universe.
- The former post office at Neude in Utrecht was nominated by fellow investors for the Green Brick Award in 2015. The Green Brick Award for 2015 was all about transformations. This listed building dating from 1924 will be transformed into a multi-functional public meeting place, offering a library, bars and restaurants, a food market and a public bicycle parking facility. The transformation and extension will be carried out with the BREEAM building standard as leading. The project is carried out by a.s.r.'s real estate investment management and real estate development businesses.

Strategic acquisitions

In line with its defined strategy, a.s.r. acquired the following companies and portfolios in 2015:

De Eendragt

De Eendragt Pensioen N.V. (De Eendragt) of Amsterdam is a pension insurer that saw the light in 2006 after the conversion of Pensioenfonds De Eendragt into an insurance company. De Eendragt has about 22,000 policyholders and serves 37 employers. After the integration of De Eendragt's operations into a.s.r., the brand name De Eendragt will be phased out in 2016. The acquisition ties in with a.s.r.'s strategy to shore up its position in the pension market.

AXENT and NIVO Uitvaartverzekeringen

AXENT Verzekeringen B.V. (AXENT) of Groningen is a Dutch insurance company with a portfolio of 2.2 million Funeral expenses policies. a.s.r. acquired 100% of the shares in AXENT. AXENT's portfolio and operations will be fully incorporated into Ardanta. At year-end 2015, a.s.r. reached agreement on the acquisition of the funeral insurance portfolio of NIVO. a.s.r. will consolidate NIVO's financial information with effect from 2016. NIVO of Mijdrecht was established in 1981 as a subsidiary of Uitvaartcentrum Zuid in Amsterdam, the largest private funeral services provider in the Netherlands. NIVO has 286,000 policies in portfolio, including both term life and burial insurance. NIVO's entire portfolio will be transferred to Ardanta. Thanks to this acquisition, a.s.r. has further bolstered its position in the Funeral expenses market. The acquisitions tie in with the a.s.r. strategy.

Van Kampen Groep

Van Kampen Groep (VKG) keeps records for more than 3,000 financial advisors in the Netherlands and works in partnership with over 150 financial institutions. This intermediary services provider will continue to operate independently from its home base in Hoorn. By taking it over, a.s.r. has invested in a business that plays a key role in a rapidly changing distribution landscape. With this acquisition, a.s.r. has strengthened its strategic position in the distribution channel, particularly in the area of service provision.

Boval Groep and Felison Assuradeuren

Dutch ID of Velserbroek is the holding company of the Boval Group and Felison Assuradeuren. Boval is an independent consultancy and financial services provider and Felison Assuradeuren provides services in the area of income protection insurance. Boval has a large client base in the agricultural service supply, mechanical excavation and transport sectors. Both companies will continue to operate independently.
The acquisition will allow Dutch ID to continue to grow as an intermediary and one of the country's largest service providers. With this acquisition, a.s.r. has strengthened its strategic position in the distribution channel, particularly in the area of service provision.

Balance sheet optimization

a.s.r. has successfully launched and priced a € 500 million subordinated Tier 2 capital transaction. The transaction was priced at 420 basis points over the ten-year swap rate and came with a fixed rated coupon of 5.125%. With this transaction, a.s.r. has broadened its profile among major European fixed-income investors and raised its Solvency II qualifying capital.
a.s.r. and Legal & General Reinsurance have entered into a strategic partnership for the reinsurance of some of a.s.r.'s pension portfolio. The reinsured sum involved is € 200 million.

Credit rating

Standard & Poor's confirmed a.s.r.'s A rating for its core insurance companies and the BBB+ rating for the holding company (ASR Nederland N.V.). All ratings have a stable outlook. See for the S&P report: www.asrnl.com/investor-relations/ratings.

1.4.2 Non-financial developments

De Amersfoortse launched occupational disability policy 2.5 and flexible occupational disability insurance
Targeting self-employed persons, De Amersfoortse has launched AOV 2.5, an occupational disability policy that will pay benefits for two or five years. There are 800,000 self-employed persons in the Netherlands; three-quarters of them have no occupational disability insurance. De Amersfoortse's new policy targets them in particular by paying benefits for two or five years, depending on the choice made when taking out the policy. AOV 2.5 is designed to encourage self-employed persons suffering from an occupational disability to go back to work by providing job counselling and retraining or refresher courses. The target group are self-employed persons who cannot afford or do not want to take out comprehensive occupational disability insurance to age 67, but do want some coverage. A flexible occupational disability policy was introduced in 2015 as well. This flexible policy allows business owners to change their coverage, including the insured sum, policy excess, contract term, benefit payment threshold, age limit and indexation of benefits, at any given time.

De Amersfoortse combined occupational disability and health insurance in a single policy
De Amersfoortse has offered the *Doorgaanverzekering* health insurance policy since November 2015. This policy combines comprehensive occupational disability insurance for business owners with a free-choice health insurance policy, additional coverage for the business owner's family, such as childcare, domestic help, caregivers or cancer counselling, and the support of a personal health insurance expert, who can answer questions and make arrangements for the policyholder. The *Doorgaanverzekering* policy is available to both existing and new customers.

New customers for health insurance business
By leveraging its Ditzo and De Amersfoortse brands, a.s.r. shored up its position in the health insurance market early in 2016 by welcoming around 22,000 new customers.

Initiative to create Het nederlandse pensioenfonds
a.s.r. has taken the initiative to create a general pension fund (Dutch acronym: APF) by the name of Het nederlandse pensioenfonds. This is an independent pension fund with a single-minded focus on high-quality pension administration and sustainable asset management. The great added value of the proposition is that the administration of pension schemes of various parties can be combined in a pension collective in order to achieve economies of scale.

a.s.r. P&C awarded personal injury quality mark and a.s.r. and Ditzo received top rating in quality mark survey
2015 was the second year in which a.s.r. P&C achieved the maximum score in the personal injury insurance certification audit by PIV, the Insurers' Institute on Personal Injury Claims. a.s.r. achieved the best possible score on nearly all aspects. The personal injury quality mark is part of the general Customer-Oriented Quality Mark; it is the only type of insurance that is audited separately. The audit is based on the Code of Conduct for Personal Injury Claims Processing, which a.s.r. was one of the first insurers to endorse.

In addition, a.s.r. and Ditzo were awarded above-average scores in the thematic review of personal injury/legal assistance insurance by the body issuing the Customer-Oriented Insurance Quality mark. a.s.r. ranked second for both personal injury and legal assistance insurance. Ditzo actually tied for first place in the legal assistance category.

AFM Customer Centricity Dashboard
a.s.r. achieved a score of 3.4 out of 5 for 2014/2015 on the Customer Centricity Dashboard of the Netherlands Authority for the Financial Markets (AFM). Although this corresponds to the average score for the financial sector, it is 0.2 lower than last year when a.s.r. scored 3.6.

- **AFM praised a.s.r. claims handling**
  An AFM survey shows that a.s.r.'s claims handling is rated better than the market average on every aspect; the AFM looked at the claims handling procedures for house and home contents insurance of six (large) insurance companies. a.s.r. scored a 3.8 on a 5-point scale. The market average was 3.4. The AFM concluded that a.s.r. shows that it puts itself in the customer's shoes.
- **Top ranking for a.s.r. Bank on AFM Dashboard**
  a.s.r. Bank achieved the highest score in the AFM Self-Assessment Dashboard for Contemporary Savings Policy pilot: it was awarded a 5 on a 5-point scale. The AFM Dashboard rates savings products offered by banks for the criteria defined by the AFM. The score represented an improvement on 2014 (3.8) and was better than the average score achieved by all survey participants (4.5).

Highest MoneyView rating awarded to a.s.r. legal assistance insurance

The a.s.r. legal assistance insurance policy was awarded the highest possible rating in terms of 'Pricing' in a survey conducted by MoneyView. A total of 43 legal assistance insurance policies were subjected to review.

a.s.r. nominated in performance survey

Adfiz, the sector association of independent financial advisors, nominated a.s.r. label De Amersfoortse twice in the categories 'commercial income' and 'commercial pension'. The Adfiz performance survey shows which providers offer the quality the customer deserves.

De Amersfoortse's Doorgaan.nl campaign received international SABRE Award

De Amersfoortse Doorgaan.nl campaign won an international PR award. The judges of the SABRE Awards 2015 named the campaign the winner in the Product Media Relations category.

Ditzo received gold SpinAward

Ditzo won the gold SpinAward for its #zorgmee campaign in the Content category. The SpinAwards are bestowed upon creative concepts that lift digital thinking to the next level.

Most customer-oriented insurance company

Ditzo won the Customer Centric DNA Award for the third time. The award is presented to businesses that customers rate as giving their best interests the highest priority.

Europeesche Verzekeringen named 2014's Best Travel Insurance Company

In February 2015, Europeesche Verzekeringen was named 2014's Best Travel Insurance Company in the Feather Awards, an annual initiative of *TravMagazine*, the professional journal of the travel industry. The Feather Awards are presented based on a survey conducted by GfK Retail & Technology Benelux of more than 6,000 travel agents in the Netherlands. It was the 15th time that Europeesche Verzekeringen won the Feather Award for best travel insurance company.

Life business introduced 'website van je leven'

a.s.r. uses the *website van je leven* (website of your life) to educate customers about their financial situation and help them decide whether their financial concerns are justified or not. a.s.r. has the ambition to increase its customers' financial self-confidence. This keeps customers on their toes and helps them make the right financial decisions. Research has shown that the website contributes to the objectives that have been defined. The website is continuously being improved and streamlined to create the best possible fit for the needs and requirements of our customers. With this in mind, a.s.r. will introduce a revamped version of www.websitevanjeleven.nl early in 2016.

a.s.r. reaches mobilization targets through intensive customer contacts

a.s.r. has had an active strategy in place for mobilizing customers since 2010; in addition to offering compensation for excess charges, this strategy is also designed to educate customers about their unit-linked policies and help them make informed decisions. a.s.r. continued on this path in 2015 too, focusing heavily on localizing and approaching customers. a.s.r. is committed to having customers make informed decisions, so that they know whether or not their unit-linked policy still suits their current financial situation. In 2015, the main focus was on approaching and mobilizing non-accruing policyholders and customers with mortgage-linked policies. In-depth customer research and customer panels are used first of all to align the method for approaching customers to their wishes. All targets for 2015 were achieved. The target mobilization rate of 100% was reached for non-accruing policyholders. The target for mortgage-linked policies was 80%; at year-end 2015, we had managed to mobilize 86% of our mortgage-linked policyholders. Based on a survey, AFM qualified a.s.r.'s rebalancing recommendation as 'good' to 'very good', which makes a.s.r. 'best in class' compared to other insurance companies.

Ditzo introduced claim submissions via WhatsApp

Ditzo customers have been able to file claims via WhatsApp since September. Claim forms covering storm or fire damage can now also be filled in easily online. Ditzo customers will receive an answer via WhatsApp within half an hour, and policyholders and crash repair companies will usually have the compensation paid into their bank accounts the very same week.

People

Engagement score 2015

The engagement score for 2015 was 53.5%, a 4% rise on 2014 (49.5%). The results of the Engagement Scan 2015 paint a more uniform picture than they did before. The differences between the business lines have diminished greatly and overall things have improved in terms of sustainable engagement. The employee participation rate was 80%. Of them, 53.5% felt 'Fully Engaged' and 33.6% 'Nearly Engaged'. Employees continue to feel a strong commitment to TCF; the score of 8.6 was the same as last year.

On the move

The labour market is a dynamic landscape: flexible employment and use of new technologies make huge demands of the adaptability of organizations and their people. In order to stay in touch, both organizations and employees need to invest in their development, motivation, engagement and vitality. It is crucial to be 'on the move'.

a.s.r. launched its On the move programme in May 2015. A special Human Resources team has been formed to provide guidance to members of staff who wish to develop their talents and take ownership of their own future, whether it concerns promotions (talent development), transfers (sustainable mobility within or outside a.s.r.) or redundancies.

Women in management positions

a.s.r. monitors the intake, progression and retention of women in management positions. It proactively seeks to hire women in management positions. The ratios of women on the Executive Board and the Supervisory Board of a.s.r. at year-end 2015 were 25% and 33%, respectively. The percentage of female senior managers was 24.5%.

Herman Hintzen (60) joined Supervisory Board
Herman Hintzen was appointed as a Supervisory Board member on 1 January. Herman Hintzen was Chairman Insurance EMEA at UBS Investment Bank in London since 2012, where he was concerned with financial institutions in Europe, and insurance companies in particular. He succeeds Margot Scheltema, who resigned as a supervisory director of a.s.r. on 1 September 2015 to join the Supervisory Board of the Dutch Central Bank.

Planet

Winner of Bouwpluim Award
The renovation of the Archimedeslaan building was presented with the Dutch Bouwpluim Award 2015. This award is primarily concerned the partnership between the principal (a.s.r.) and the contractor (Bouwcombinatie Archimedes). The Bouwpluim Award, which is presented once every two years, is an initiative of various players in the construction industry. An independent panel of judges mainly assesses the openness and constructiveness of the partnership between the principal and the contractor.

a.s.r. Real Estate Investment Management awarded four BREEAM-NL stars for Centrum Waddinxveen
a.s.r. Real Estate Investment Management was awarded a BREEAM-NL four-star completion certificate for Centrum Waddinxveen. This is the first retail development that was awarded an 'Excellent' score in its completion certificate.

FIRA Silver certification
FIRA is an institution that verifies the sustainability information of businesses and enables benchmarking based on reliable data. The FIRA Platform is a digital register where suppliers can post their sustainability performance. After having verified this information, FIRA awards Gold, Silver and Bronze certificates. a.s.r. was awarded a Bronze certificate in 2014, which was upgraded to a Silver certificate in 2015.

1.4.3 Campaigns in 2015

a.s.r. launched a number of campaigns for the different brands and product lines in 2015 too. These campaigns always have social relevance and are designed to showcase or assist organisations and initiatives that deserve support. For an extensive list of all campaigns, see chapter 7.6.3. Below we have highlighted two special campaigns that ran in 2015.

De Andere Tour
By putting on De Andere Tour (The Other Tour), the a.s.r. pension business demonstrated that you can be over 60 and very fit. The highlight of the campaign was that 42 over-60s completed all 21 stages of the Tour de France in duos on special a.s.r. tandems. De Andere Tour was a resounding success. Not only did it increase a.s.r.'s brand awareness as a pension insurer by 140%, but it also contributed to raising our profile as a company that 'helps by taking action'.

De Hartstocht
On 5 November, a blue velvet toy heart was sent on a trip around the Netherlands to cover as many kilometres as possible and raise funds for research into cardiovascular disease in women. Ditzo donated € 10 for each kilometre clocked up by the blue heart and for each selfie with the heart shared on social media. After the campaign, a.s.r. donated € 307,650 to the Utrecht University Hospital.

1.5 Strategy

1.5.1 Mission

Mission
a.s.r.'s overall mission is to offer transparent insurance solutions as a trusted partner to its customers while creating sustainable and stable value for its stakeholders. a.s.r. translates this mission into the prioritization of simple and transparent products, clear communication and fair treatment of customers. a.s.r. believes that an ingrained belief in service and employee skill will promote connections between a.s.r.'s employees, independent advisors and clients, and will ensure alignment of interests with a.s.r.'s success and with society as a whole. As part of its mission, a.s.r. has identified the following key roles that intends to play:

- An insurer for customers
  a.s.r. is deeply integrated in Dutch society and is committed to understanding customer needs. It aims to offer its customers peace of mind by offering risk management and wealth accumulation products designed to secure customers' financial stability and to protect customers from risks they do not want or are not able to bear themselves. a.s.r. considers customers' trust essential to its business and values the strength of independent third-party advice reflected in its strong position in the intermediary channel. In order to strengthen customer trust, a.s.r. intends to continue its focus on product transparency, clear communication with customers and excellent client service.

- A financial institution
  a.s.r. aims to be a financially reliable and stable institution with a strong solvency position to fulfil its long-term obligations and commitments to all its stakeholders. a.s.r. believes that a solid financial position will enable it to meet both its short and long-term obligations to customers and shareholders. In a.s.r.'s opinion, its 'value over volume' philosophy will help to capture long-term value creation.

- A people-focused employer
  a.s.r. aims to employ highly skilled employees (in terms of expertise and experience), and to attract and retain talented individuals. a.s.r. strives to offer its employees a stimulating and inspiring work environment as well as enabling them to develop, broaden and grow their skills. As a people-focused employer a.s.r. aims to offer a highly adaptable and flexible structure, and to demonstrate execution drive.

- A valuable member of society
  a.s.r. feels responsible to society at large, to its customers in general and to vulnerable groups in particular. a.s.r.'s strives to reflect its view on social responsibility in its HR policy (e.g. by employing (partly) disabled young people), its investment policy, its working environment (The New World of Work) and its environmental policy.

1.5.2 Strategy

a.s.r.'s strategy is based on four pillars: fulfilling customer needs, pricing discipline and underwriting excellence, cost effectiveness and maintaining a solid financial framework. a.s.r. strives to execute these four strategic pillars within all of its segments.

Fulfilling customer needs
a.s.r. aims to offer customers simple, transparent products that fulfil their needs. Propositions are tested in real-life consumer panels and in advisor panels. As part of this process, a.s.r. closely monitors whether there are any changes in customer needs with the goal of continuously meeting those needs. In the product approval and review process, the board of directors discusses cross-functional proposals for the adequacy of new and existing products. Furthermore, a.s.r. continuously strives to improve its services to customers and the intermediaries that advise them. The development of customer and intermediary satisfaction is closely monitored through measuring closed loop feedback, named Net Promoter Score ('NPS'). This provides a.s.r. with insights into the development of customer and intermediary satisfaction. Reports on customer satisfaction and customer services are discussed by the Executive Board.

The employees of a.s.r. strive to help customers where possible, communicating with them in clear and simple language. a.s.r. believes that the intermediary channel has proven to be resilient and allows customers to receive appropriate advice and to select the most suitable product. a.s.r. focuses on retail customers, self-employed individuals and SMEs. a.s.r. strives to shape its products and multi-brand distribution strategy to meet customer requirements and preferences. Furthermore, through further decentralisation of distribution, product marketing and IT, a.s.r. aims to further simplify its organizational structure in order to allow a.s.r. to respond quickly to changes in market trends and customer behaviour. The result of decentralisation is that business directors are responsible for end-to-end business lines, allowing a.s.r. to easily and swiftly respond to changing market trends.

Excellence in pricing, underwriting and claims handling
a.s.r. intends to maintain a disciplined pricing strategy focusing on further deepening its knowledge of customer behaviour and continuing to enhance and further develop its experience and skills in respect of pricing and underwriting. a.s.r. believes that these are key drivers for sustainable value creation.

a.s.r. aims to continue to leverage benefits from its in-house expertise in all of the core insurance processes such as pricing, underwriting, claims management and asset management.

Historically, underwriting and claims management skills have resulted in a strong combined ratio. In an effort to achieve a competitive claims ratio, a.s.r. intends to further invest in senior insurance specialists and to build and expand their underwriting skills and expertise.

Within the Life segment, a.s.r. intends to continue its value over volume philosophy to price its products such that the pricing exceeds the cost of equity of the individual business line and that a.s.r.'s targets are achieved. a.s.r. plans to continue to pursue its pricing strategy through a disciplined approach. Based on this approach, representatives from all relevant parties within a.s.r. participate in the pricing committee relating to pension contracts (e.g. the pension business, actuarial, Group Risk Management and Asset Management) and certain material contracts are subject to approval by the Board.

In addition, a.s.r. believes it operates in capital-light businesses with significant growth potential.

(i) Selected Pension products
a.s.r. currently is the main provider of services to the General Pension Fund (APF) which it founded in 2016. In addition, a.s.r. has completed acquisitions (which met internal hurdle rates) which a.s.r. believes resulted in a capital effective cost coverage of its DB portfolio and a.s.r. believes these acquisitions also provide a platform for a.s.r. to increase its sale of DC products and to support future APF sales efforts.

(ii) Distribution and Services
a.s.r. has recently acquired VKG and Boval, which serve as a base to maintain its strong relationship with the intermediary distribution channel. In recent years there has been growth of market share of mandated brokers and the emergence of service providers. a.s.r. believes that with these acquisitions it is well positioned to capitalise on this trend. Furthermore, a.s.r. believes these acquisitions offer forward integration in the insurance value chain and therefore better insights into client needs, enabling a.s.r. to adjust its product portfolio and/or distribution mix and therefore better align with customer needs.

(iii) Asset Management
While a.s.r.'s asset management activities have historically been exclusively to service the assets of the insurance segments, a.s.r. aims to enhance its asset management capabilities and grow third party (fiduciary) assets management services (including the APF), leveraging the track record of a.s.r.'s real estate asset management activities in managing assets for third parties. These are all areas which are capital-light and which a.s.r. believes have growth potential.

Furthermore, a.s.r. may continue to pursue select non-transformational acquisitions. Under a.s.r.'s current acquisition policy, acquisition targets must meet internal hurdle rates (such as ROE targets) and are assessed based on other factors such as the potential for sufficient scale, scope and/or strategic benefit. Recent capital-light acquisitions (acquisitions of companies whose inclusion in a.s.r. have a low impact on a.s.r.'s regulatory required capital) include the acquisitions of service providers, such as VKG and Boval, as well as the acquisition of BNG Vermogensbeheer.

Cost effectiveness

a.s.r. aims to continuously focus on effectively managing its costs. a.s.r. aims to further decrease its operating expenses in the coming years. Furthermore, a.s.r. intends to strive to focus on increasing the variable proportion of its cost base (relative to fixed), with the goal that if the demand for certain services decreases, the cost base will be flexible. a.s.r. plans to invest in activities when such expenditures contribute to foreseeable improvements in respect of increased revenues or to enhance the customer experience.

a.s.r. will seek to implement its disciplined cost approach throughout the organization, including its newly acquired businesses. Through further decentralization of distribution, product marketing and IT, a.s.r. aims to further simplify the organizational structure and to reduce costs. To this end, a.s.r. plans to simplify and rationalize its existing product portfolio, particularly for Life and Pensions. In all business lines a.s.r. seeks to minimize the number of administrative (back-office) systems (e.g. pension, individual life and P&C). a.s.r. also strives to simplify the organizational structure while creating an agile organization with limited management layers.

In addition, a.s.r. is focused on increasing the percentage of variable costs as compared to fixed costs within its overall cost base. In order to achieve this goal, a.s.r. plans to outsource activities which third parties can perform more efficiently and effectively, due to specific knowledge or because cost-or-scale benefits. Examples of excisting outsourced activities are SaaS in Individual life, Pensions and Health, ITO for Individual life and BPO applied for part of the portfolio for Individual life and Pensions. However, a.s.r. believes that certain activities, such as pricing, underwriting, asset management and claims management (including for instance medical advisors and personal injury claims), should be performed by a.s.r. given that these are essential to the insurance operations.

Cash generative business model

a.s.r.'s objective is to maintain its operation on a solid financial framework backed by a sound investment policy and investment mix to deliver robust, high-quality earnings underpinned by strong capital generation. a.s.r. believes that the achievement of these objectives will enable the payment of attractive and stable dividends to shareholders. Consideration of risk appetite is key to executive and senior management decisions. a.s.r. intends to maintain its capacity to pay dividend over the coming years through strong capital generation, while maintaining a solid solvency position and retaining an adequate level of cash at a.s.r.

a.s.r. applies a conservative risk profile and has set internal minimum levels designed to absorb losses and to support financial robustness while optimizing its capital position within the parameters set by the regulator.

Further detail about the strategy of the individual business lines is presented in chapter 2.

1.5.3 Brand and distribution policy

In order to position itself advantageously in different customer segments of the Dutch insurance market, a.s.r. uses a hybrid and multi-brand distribution strategy and offers its products to approximately 1.52 million households (through its a.s.r., De Amersfoortse and Ditzo labels) both through 5,500 intermediaries. The majority of a.s.r.'s insurance products are distributed via the intermediary channel. In addition, a.s.r. has successfully introduced its online challenger brand, Ditzo.

a.s.r. deploys a multi-brand model which is designed to address different market segments and comprises three core brands: a.s.r., De Amersfoortse and Ditzo, as well as two niche brands: Europeesche Verzekeringen and Ardanta.

Brand	Type	Products	Distribution	Coverage	Platform
a.s.r.	Generalist	Individual life, Pensions, P&C and Banking	Advisors and specialists	Nation-wide	asr.nl
De Amersfoortse	Specialist	Income protection, Pensions and Health	Advisors	Nation-wide	amersfoortse.nl
Ditzo	Specialist	P&C and Health	Online	Nation-wide	ditzo.nl
Europeesche Verzekeringen	Specialist	Travel and Leisure	Multi-channel	Nation-wide	europeesche.nl
Ardanta	Specialist	Funeral	Multi-channel	Nation-wide	ardanta.nl

a.s.r.'s current brands and distribution policy includes the following:

a.s.r.

Under the a.s.r. brand, a.s.r. offers products for P&C (all customer segments), pensions (DB products for the commercial market), individual life (term life and annuity) and banking products (mortgages, savings and investments for retail clients). The a.s.r. branded products are distributed via the intermediary channel (e.g. P&C, mortgages and DB pension products) as well as online (e.g. term life, savings and individual annuity). In addition, mandated brokers, aggregators and service providers can sell a.s.r.'s products under their own brand names. The a.s.r. brand targets retail and commercial (primarily SME) customer segments.

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

De Amersfoortse

Under De Amersfoortse brand, a.s.r. offers disability, health and DC pension insurance, mainly focused on the commercial market. De Amersfoortse products and services are sold exclusively through intermediaries.

DE AMERSFOORTSE De Ondernemersverzekeraar

Ditzo

Ditzo is a.s.r.'s online brand, focusing on health and P&C products for retail clients. Since its introduction, Ditzo has established a client base of over 70,000 P&C and 180,000 health insurance customers in 2015. Ditzo-branded products are sold online via its own websites and aggregator websites.

Ditzo

Europeesche Verzekeringen

Under the Europeesche Verzekeringen brand, a.s.r. specializes in travel and leisure insurance. Europeesche Verzekeringen insurance policies are sold through the intermediary channel, including through specialist partners, such as tour operators and sports federations and the direct channel. The Europeesche Verzekeringen brand primarily targets retail customers.

europeesche verzekeringen

Ardanta

Ardanta is a.s.r.'s funeral insurance brand. Most of Ardanta's funeral insurance policies historically sold via the intermediary channel. Currently, Ardanta utilises a multi-channel distribution strategy by offering its products through intermediaries, direct salesforce and online. The Ardanta brand targets retail customers. With the acquisitions of AXENT and NIVO, a.s.r. has two additional funeral brands; and

ARDANTA

VKG and Boval were recently acquired and are a.s.r.'s service providers. They are full service providers and mandated brokers to a number of Dutch insurance companies. As full service providers, VKG and Boval give connected intermediaries access to a wide array of insurance products.

1.5.4 SWOT analysis

- Strong solvency position supported by high-quality capital
- Track record of attractive return on equity and capital and cash generation
- Diversified, resilient Dutch insurer with leadership in attractive market segments
- Differentiated distribution, underpinned by highly reputable brands
- Excellence in pricing, underwriting and claims handling
- Proven cost-reduction capability and continuous focus on operational efficiency
- Profitable LDI Asset Management platform with strong track record
- Skilled, experienced management focused on execution and delivery

- Presence in Dutch insurance market only, which is shrinking and highly competitive
- Impact of shrinking life book on long-term cost effectiveness

- Sustainable business enhancement via fiduciary asset management in combination with capital light life products (e.g. APF Pensions DC products)
- Further development of segment Distribution and Services via VKG and/or Boval (Dutch ID)
- Increasing demand for sustainable, transparent and simple products
- Increase in multi-channel approach taken by customers

- Continued lack of trust in financial sector by the society
- Prolonged low interest rate environment and/or financial markets turmoil
- New changing legislation governing insurance products or unit-linked policies
- Fierce competition in Dutch market

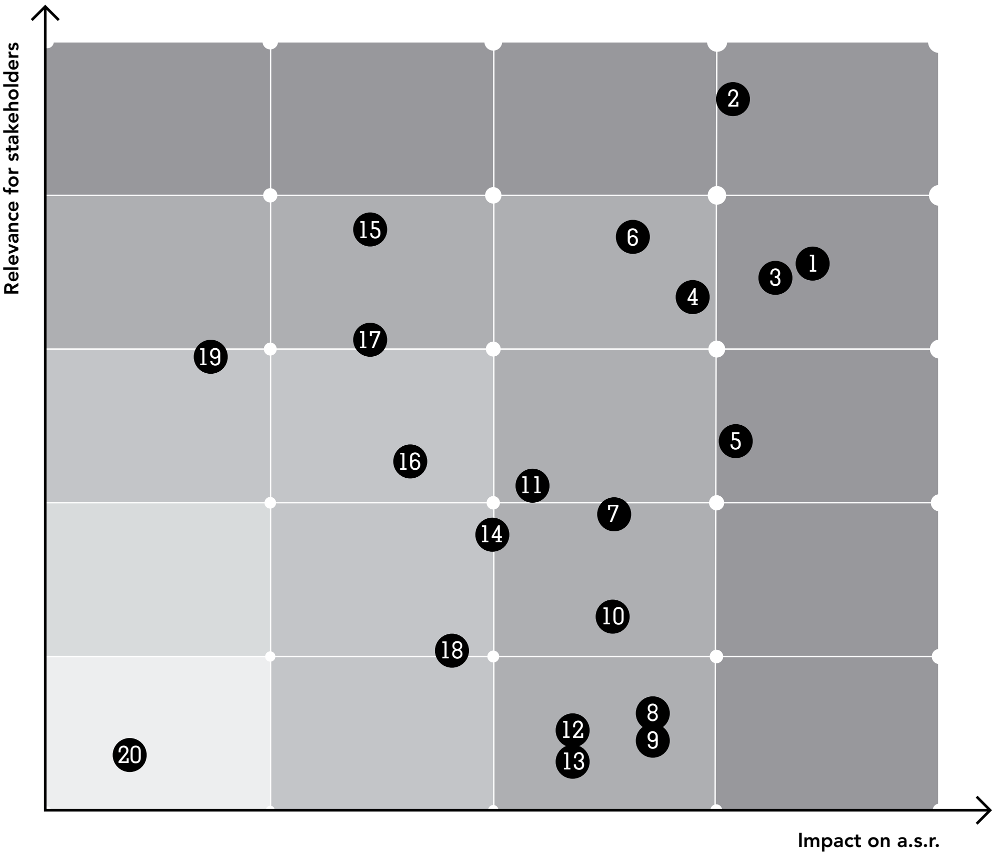
1.5.5 Materiality matrix

Based on the stakeholder model, a.s.r. keeps in close contact with all its stakeholders throughout the year. For more information about the stakeholders and the stakeholder dialogue, see page 246 of this annual report.

a.s.r. has a keen eye for developments in society and keeps its finger on the social pulse in order to execute its strategy well and gear its products and services to the changing needs and requirements of its customers and other stakeholders, particularly with respect to changes in the long term to which a.s.r. wishes to align its product and service development. A materiality matrix has been prepared for this purpose. The matrix has come about following the stakeholder dialogue and a survey that was put together based on the strategy.

This survey asked the stakeholders to list the themes that they believe are most material to a.s.r. These material themes were then presented to higher management to determine the impact for a.s.r. (for details, see Appendix F, Materiality).

A social development is considered material if it is relevant to the stakeholders and could have a major impact on the development of a.s.r. The greater the impact of the theme on both society and a.s.r.'s business operations, results and strategy, the greater the materiality of the development. To stay relevant as an organization and execute the strategy, this development will also have to be reflected in our business practices and management.



1 Customer satisfaction and service
2 Transparent product and service descriptions
3 Transparent products
4 Customer privacy
5 Rules and regulations
6 Anti-corruption and fraud
7 Compliance
8 Employer-employee relationship
9 Sustainable supply chain
10 Regulators
11 Cybersecurity
12 Customer health and safety
13 Employee health and safety
14 Supplier human rights assessment
15 Child labour
16 Non-discrimination
17 Forced or compulsory labour
18 Human rights review of operations
19 Energy
20 Environmental impact of products and services

A description of the six most important material themes is given below.

1. Customer satisfaction and service
   a.s.r. focuses on customer satisfaction and service using the Customer-Oriented Insurance Quality Mark, Net Promoter Score (NPS), 1-in-service, AFM Customer Centricity Dashboard, customer surveys and complaints management.

2. Transparent product and service descriptions
   We are constantly making sure that prospective and existing customers can access and understand the product information we provide. a.s.r. is taking various steps to make information more accessible and easy-to-read. We do this by rewriting our style guides and offering training courses in language level B1/customer-friendly information.

3. Transparent products
   a.s.r. is always working to improve its processes to help customers by continuously focusing on making products accessible and easy-to-understand. a.s.r. does this by performing internal reviews (PARP and test of cost effectiveness, usefulness, security and intelligibility) and external reviews (consumers, employers and a selection of customers) of its products.

4. Customer privacy
   a.s.r. has policies and procedures in place in relation to privacy regulations. The privacy statement provides an understanding of the different categories of data a.s.r. processes, the reasons for processing this data and the rights of the customer.

5. Rules and regulations
   Compliance with rules and regulations forms the heart of our sound and ethical business practices. Any violation can, in fact, result in major financial losses and reputational harm. a.s.r. not only wants to comply with the letter of the law, but it also seeks to act in the spirit of all relevant rules and regulations, including regulations governing the provision of financial services. a.s.r. updates its policies regularly where appropriate.

6. Anti-corruption and fraud
   The Security department promotes and monitors the pursuit of ethical business practices and focuses in particular on the zero tolerance policy with respect to fraud and unethical conduct of employees, advisors and contracting parties.

For details on the material themes described above, see chapter 7, Sustainability. Appendix F describes the delineation of all identified materialities and correlates them to the related stakeholder interests.

1.5.6 Value creation in 2015

a.s.r.'s mission is to help customers and focus on their interests. It allows them to insure risks they cannot or will not bear themselves and by helping them reach their financial goals. Customers can rest assured that their risk cover and the funds they entrust to a.s.r. are in the safe hands of an insurer that avoids waste, listens to them and puts itself in their shoes.

a.s.r. opts for value over volume; it manages costs by avoiding waste and permanently works on improving its efficiency. Clarity and simplicity combined with efficient business processes and a robust financial position are essential in this context. a.s.r. focuses on standardizing processes and products, increasing the level of Straight Through Processing and, where useful, outsourcing services to specialist partners.

The figure below ties in with the reporting framework of the Integrated Reporting Council and consists of three elements: input, our business model and output.

The themes mentioned are addressed in greater detail in different sections of the annual report.

INPUT

Manufacturing
Life
Non-life
Banking and Asset Management
Distribution and Services

Intellectual
Knowledge and training (Talent Development Programme)
Traineeship
Innovation

Human
On the move
Vitality
Diversity
Pay-and-benefits package
Remuneration policy

Social
a.s.r. Foundation
Stakeholder dialogue

Natural
Carbon footprint
MYA3 covenant
Circular economy

Financial
Risk appetite
Solid and sustainable Investment policy
Value over volume
Cost control
Focus on core activities
Capital

Business model

Customers and products:
Retail | Commercial

Non-life | Occupational disability | Health | Individual life | Pension | Funural | Banking| Asset Management

Van Kampen Groep | Boval | Het Assuradeurenhuys

Mission and Vision

Governance

Core activities

Corporate profile

Opportunities and threats

Strategy

Performance

OUTPUT

Manufacturing
Customer satisfaction (NPS)
Sustainable products (e.g. VVP, Occupational Disability 2.5)
Intermediary distribution
Introduction of new products
Claimhandling
Customer services

Intellectual
Highly educated workforce
Knowledge-sharing with internal and external stakeholders
Craftmanship

Human
A vital and sustainably flexible workforce
More emancipation and labour participation of women and people with an occupational impairment (including young disabled people)

Social
Financial literacy and education
Helping by taking action
Meeting and connecting
Engagement

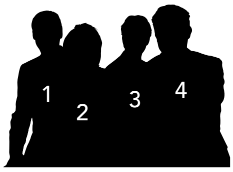
Natural
2% carbon reduction per year
30% energy efficiency improvement (MYA3 2005-2020)
Circular projects, including the gym
Sustainable business practices (recycling, renovation, heat and cold storage, bicycle plan, lease cars)
Sustainable procurement

Financial
Solid financial performance
Robust solvency ratio
Combined ratio Non-life
Operating profit
Return on equity
Dividend pay-out ratio
a.s.r. SRI Policy
Fair Insurance Guide
Dutch Association of Investors for Sustainable Development (VBDO)

External environment

Manufacturing	a.s.r. offers continuity and security through responsible products that are relevant to customers and meet their wishes and requirements. a.s.r. achieves this by continuously developing new products, simplifying its existing product offering and making information accessible and easy-to-understand.
Intellectual	Employees are encouraged to achieve their full potential. a.s.r. uses its knowledge and innovative drive to develop new and improved products and processes. The wishes and requirements of customers, which are identified in customer surveys, are leading.
Human	a.s.r. facilitates the development of its employees by offering them education and training. a.s.r. seeks to hire talented new people.
Social	a.s.r. contributes to society by investing in a variety of sustainable public initiatives, such as the drive for financial literacy, and by engaging in regular dialogue with its stakeholders, but also by paying tax and by sourcing products and services.
Natural	a.s.r. seeks to minimize its impact on the environment, which is why it is efficient about its waste and its consumption of water, energy and other natural resources.
Financial	a.s.r. has a strong capital and solvency position. The capital that is required for its business operations is raised based on a responsible investment policy.

1.6 Executive Board and Supervisory Board



1 Jos Baeten
2 Karin Bergstein
3 Chris Figee
4 Michel Verwoest

Composition of the Executive Board and the Supervisory Board

1.6.1 Members of the Executive Board

J.P.M. (Jos) Baeten (CEO)
Jos Baeten (1958) has the Dutch nationality and is the Chairman of the Executive Board and Chief Executive Officer (CEO). His areas of responsibility are Human Resources, Corporate Communications, Strategy, Marketing, Business Support, Corporate Social Responsibility, Audit, Integrity and Legal.

Jos Baeten studied law at Erasmus University Rotterdam and started his career in 1980 when he joined Stad Rotterdam Verzekeringen N.V., one of a.s.r.'s main predecessors. He joined the Executive Board of Stad Rotterdam Verzekeringen N.V. in 1997 and was appointed CEO of this company in 1999. He then joined the Management Board of Fortis ASR Verzekeringsgroep N.V., becoming Chairman of the Board of De Amersfoortse Verzekeringen N.V. in June 2003. In 2005, Jos Baeten was appointed Chairman of the Board of Directors of Fortis ASR Verzekeringsgroep N.V.

Jos Baeten was appointed as CEO of a.s.r. on 26 January 2009.

Additional positions
Currently, Jos Baeten is a member of the Executive Board of the Dutch Association of Insurers (Verbond van Verzekeraars) and Chairman of the Supervisory Board of Stichting Rotterdamse Schouwburg. In addition, he is also member of the General Administrative Board of VNO-NCW.

H.C. (Chris) Figee (CFO)
Chris Figee (1972) has the Dutch nationality and serves as CFO. His areas of responsibility are Group Accounting, Reporting & Control, Business Finance & Risk, Group Asset Management/ Financial Markets, Group Balance Sheet Management and Group Risk Management.

Chris Figee earned a degree (with honours) in Financial Economics from the University of Groningen and is an EFFAS Certified Investment Analyst. He also studied Risk Management at Stanford University. Chris Figee started his career at Aegon, where he held various positions, including that of Senior Portfolio Manager. In 1999 he moved to McKinsey, where he rose to the role of partner in 2006. After ten years at McKinsey, he joined Achmea as Director of Group Strategy & Performance Management in 2009. He also served as a member of the Achmea Group Committee. Chris Figee's last position at Achmea was Director of Group Finance.

Chris Figee was appointed as a member of the Executive Board on 1 May 2014.

Additional positions
Chris Figee does not hold any additional positions at this time.

K.T.V. (Karin) Bergstein
Karin Bergstein (1967) has the Dutch nationality. Her areas of responsibility are the product lines Property & Casualty, Individual life, Banking, Funeral, Europeesche Verzekeringen, Van Kampen Groep and Customer Service.

Karin Bergstein studied medical biology at Utrecht University (Master in 1991) and in 1998 earned an MBA from Nyenrode University and the University of Rochester in the United States. She started her career at ING Bank in 1991, where she held various positions until 2010. Her last position was that of Director of Products & Processes, which gained her a seat on the Executive Board of ING Bank Nederland. Prior to that she served as CEO of ING Car Lease International from 2003 until 2009.

Karin Bergstein was appointed as a member of the Executive Board of a.s.r. on 1 September 2011.

Additional positions
Karin Bergstein is a member of the Supervisory Board of Stichting Sanquin Bloedvoorziening and of the Supervisory Board of Utrecht University. She also serves as a member of the Supervisory Board of Human Total Care.

M.H. (Michel) Verwoest
Michel Verwoest (1968) has the Dutch nationality. His areas of responsibility are the product lines Pensions, Occupational Disability Insurance and Health Insurance. He is also responsible for Real Estate Development, Real Estate Asset Management and Information Technology & Change.

Michel Verwoest studied marketing at TiasNimbas Business School in Tilburg and business administration at IBO Business School, and held several executive positions at ING Group between 1997 and 2012. At ING, he served as CEO of RVS Insurance and was in charge of the Individual Life business. His last position in the insurance business of ING Group was a managing board member of Nationale Nederlanden.

Michel Verwoest was appointed to the Executive Board of a.s.r. on 1 December 2012.

Additional positions
Michel Verwoest does not hold any additional positions at this time.

a.s.r.'s registered address, i.e. Archimedeslaan 10, 3584 BA Utrecht, the Netherlands serves as the business address for all the members of the Executive Board.

1 Cor van den Bos
2 Kick van der Pol
3 Annet Aris
4 Herman Hintzen

1.6.2 Members of the Supervisory Board

C. (Kick) van der Pol
Chairman of the Supervisory Board
Member of the Selection & Appointment Committee and the Remuneration Committee

Kick van der Pol (1949) has the Dutch nationality and serves as Chairman of the Board of Directors of Ortec Finance and as Chairman of the Board of the Federation of Dutch Pension. He is also a member of the Bank Council of DNB, a member of the Board of the Confederation of Netherlands Industry and Employers (VNO-NCW) and Chairman of the Executive Boards of VPRO and OVAL. In the past, Kick van der Pol served as the Vice-Chairman of the Executive Board of Eureko/Achmea and as Chairman of the Executive Board of Interpolis.

First appointed on: 15 December 2008
Current term of office: 15 June 2014 – 15 June 2018

A.P. (Annet) Aris
Chair of the Selection & Appointment Committee and the Remuneration Committee
Member of the Audit & Risk Committee

Annet Aris (1958) has the Dutch nationality and had a 17-year career at McKinsey as a management consultant, including nine years of which she served as a partner. She holds supervisory directorships at several Dutch and foreign enterprises and institutions, including ASML N.V. in the Netherlands, ProSiebenSat1 AG and Jungheinrich AG in Germany and Thomas Cook PLC in London. Annet Aris is an associate professor of digital strategy at INSEAD international business school (Fontainebleau, France).

First appointed on: 7 December 2010
Current term of office: 7 December 2014 – 7 December 2018

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

Cor van den Bos (1952) has the Dutch nationality and served on the Executive Board of SNS REAAL N.V. until August 2008, in which position, he was responsible for all insurance operations. Cor van den Bos is the Chairman of the Supervisory Board of CED, a claims-processing manager, and of Noordwijkse Woningstichting, a housing corporation. He is also Vice-Chairman and a Non-Executive Member of the Board at the investment firm Kardan N.V.

First appointed on: 15 December 2008
Current term of office: 15 June 2015 – 15 June 2019

H.C. (Herman) Hintzen
Member of the Audit & Risk Committee

Herman Hintzen (1955) has the Dutch nationality. Until January 2016 he worked as Chairman Insurance EMEA at UBS Investment Bank. He currently serves as Chairman of the Board of Amlin International SE and a member of the Investment Committee of Concertgebouw Fonds. In the past, Herman Hintzen also acted as an advisor to the Executive Board at APG Asset Management and served as Managing Director at Morgan Stanley, Credit Suisse and JP Morgan.

First appointed on: 1 January 2016
Current term of office: 1 January 2016 – 1 January 2020

a.s.r.'s registered address, i.e. Archimedeslaan 10, 3584 BA Utrecht, the Netherlands serves as the business address for all the members of the Supervisory Board.

Chapter 2

Report of the Executive Board

2.1 Themes in 2015

The financial statements for 2015, which the Executive Board has submitted to the Supervisory Board, covers the period from 1 January 2015 to 31 December 2015. The Executive Board met at least twice weekly in 2015 for consultation. The key themes that were addressed in the meetings of the Executive Board in 2015 are listed below.

Routine topics	Additional themes
Customers	HR and talent development
Market, strategy, business	Mergers, acquisitions and divestments
Employees and development	Unit-linked policies
Complaint reports	Privatization
Contacts with Works Council	Solvency II
Solvency	Renovation of Archimedeslaan office
Developments in premium income/cost ratio	
Risk management and risk appetite	
Financial performance (quarterly, interim and annual results)	
Reinsurance policy	
Contacts with, and reports to, regulators	
Contacts with shareholder	
Investment plan	
Dividend proposal, including policy	
CSR and sustainability	
Multi-year budget	
Compliance, audit and risk reports	
Governance	
ICT-projects	

In addition to recurring topics, the Executive Board also discussed a number of specific themes in its routine meetings in 2015, as well as scheduling extra meetings. More details on some of the themes listed above are provided below.

Customers

We exist by the grace of our customers. This is top of mind for us in everything we do. That is why we place great focus on customer-related issues, also in our internal meetings and sessions, and in our internal communications. Various reports, including the TCF Dashboard, complaint reports and the NPS, are used to gain an understanding of developments in, and our performance on, TCF on a highly regular basis. A lot of attention is also being paid to knowledge dissemination by sharing and discussing best practices. At the same time, we continuously review our products and processes in order to align them to the interests and needs of our customers.

The Executive Board also regularly addresses issues related to the network of advisors that a.s.r. frequently likes to work with. It is crucial that we provide appropriate and timely services to them and actively request their feedback if we want to improve the processes underlying the services to them on a continual basis.

Treating customers fairly continues to be a priority for the Executive Board and further improvements are being explored all the time.

Market, strategy, business

The Executive Board reviews the business with the different business lines every quarter. These reviews are designed to have in-depth discussions about market developments and developments in results (both financial and non-financial), such as budgets, premium income, costs and interest rate developments. Based on its strategy, a.s.r. decided in 2015 to create a general pension fund (Dutch acronym: APF) as well as establishing a fiduciary asset management business. The strategic acquisitions that were made were discussed and approved. In 2015, a.s.r. also shored up its position in the funeral market by acquiring AXENT and submitting a bid for the NIVO portfolio. a.s.r. strengthened its share of the pension market thanks to the acquisition of De Eendragt. a.s.r. acquired two companies in 2015 to bolster its distribution coverage in the P&C and income protection market. The transaction with Van Kampen Groep was completed in early January; in the autumn, the operations of Dutch ID, whose main subsidiaries are Boval and Felison Assuradeuren, were incorporated into the Distribution and Services segment.

HR and talent development

a.s.r.'s employees are the driving force of the organization. They help customers through unexpected events and difficult times, and work to improve products and processes every day. By responding to customers quickly and giving them the right answers, putting themselves in the customer's shoes and offering them products and solutions that they actually need, our people make an important contribution to turning a.s.r. into the socially relevant insurer that we want to be.

One of the topics the Executive Board discussed in 2015 was employee engagement based on the engagement score.

A key objective of a.s.r.'s HR policy is to strike the right balance between trust in the intrinsic motivation of all a.s.r. employees on the one hand and to agree on clear targets and assess employee performance on the other. The Executive Board firmly believes that we can only be a sustainable and socially relevant insurance company if we onboard the right and motivated people, and do not place financial incentives above all else.

The Executive Board had the a.s.r. pay-and-benefits structure benchmarked in 2015. In this context, Hay Group reviewed the salary structure. The outcome was described in a memo, which was discussed in an Executive Board meeting. The survey showed that a.s.r.'s pay-end-benefits package is just at the median of the relevant benchmark group. The outcome was discussed and led to the conclusion that – despite the fact that a.s.r. no longer offers variable pay – overall, the pay-and-benefits package formed only a limited impediment to attracting and retaining qualified people in 2015.

A paper elaborating on the 'On the move' programme was used to discuss a.s.r.'s policy on sustainable employability. Management development issues were also addressed extensively during this discussion. Both initiatives encourage and help employees to develop themselves and to invest in their professionalism and career perspectives, so as to improve their sustainable employability.

The Executive Board also places special focus on the development and succession of senior management. One of the ways of doing so is the annual senior management survey, in which context the individual members of senior management are first discussed within the Executive Board and then jointly with the Supervisory Board. The discussions focus on personal growth, combined with mobility within a.s.r. As part of this policy, one managing director took on new roles in 2015, two left a.s.r. and one was recruited externally.

Solvency II

The a.s.r. risk appetite, which is based on Solvency II, ECAP and a prudent approach to risk management, has been transposed into requirements for solvency, liquidity and returns; solvency takes priority over profit and profit takes priority over premium income. For this reason, a.s.r. performs an in-depth Own Risk and Solvency Assessment (ORSA) every year, in which context various scenarios are defined and extrapolated.

The risk appetite was an important criterion for the Executive Board in making both tactical and strategic decisions in 2015 too. Solvency levels remained acceptable and more than adequate in 2015 thanks to the organization's prompt and adequate response to external developments based on the chosen risk appetite and the associated risk-mitigating measures. a.s.r.'s risk appetite was redefined in 2015 with a view to the introduction of the Solvency II regime.

The Executive Board sets great store by robustness because it clearly tells our customers that a.s.r. will be able to fulfil its obligations at any time, even in the more distant future. To a.s.r., this is reflected in a robust solvency ratio, measured based on Solvency I and Solvency II requirements alike. Given that the Solvency II regime was to take effect on 1 January 2016, this regime became increasingly important to a.s.r. in 2015. Solvency II is governed by a standard formula, rather than the self-developed internal model. The Executive Board believes that this should enhance transparency and consistent interpretation. At year-end 2015, the midpoint estimate for a.s.r.'s Solvency II ratio was 185%. a.s.r. uses a bandwidth of +10 percentage points and -10% percentage points for the midpoint estimate.

Works Council

The Executive Board attaches great value to providing information to the Works Council and hearing their opinion. The working relationship that has developed between the a.s.r. executive and the Works Council is characterized by a great deal of openness. The Works Council is informed of many issues at an early stage, allowing it to use its influence on the decision-making process in an effective manner. The Executive Board is highly appreciative of the constructive and open discussions, and for the time and energy that the Works Council spends on issues that are impactful for a.s.r. Key themes that were discussed with the Works Council in 2015 were a.s.r.'s privatization and potential IPO, various acquisitions and disposals, and a jointly to be conducted survey of employee preferences for different fringe benefits. The outcome of this survey will form the basis for the dialogue with the Works Council on the simplification and modernization of the pay-and-benefits package. In 2015, the executive also discussed with the Works Council the outcome of the annual employee engagement survey and the 'On the move' programme, which was introduced in mid-2015.

Governance, shareholder and supervision

The managing and supervisory bodies of the supervised entities ASR Levensverzekering N.V., ASR Schadeverzekering N.V., N.V. Amersfoortse Algemene Verzekering Maatschappij, Europeesche Verzekering Maatschappij N.V., ASR Basis Ziektekostenverzekeringen N.V., ASR Aanvullende Ziektekostenverzekeringen N.V. and ASR Bank N.V. met at least four times in 2015. The managing and supervisory bodies of the supervised entities De Eendragt Pensioen N.V. and AXENT NabestaandenZorg N.V. met at least two times The standing agenda items included the financial (quarterly) results and the audit, compliance and risk reports. Other topics of discussion were entity-specific issues, including the impact of the changing markets for various entities.

The managing and supervisory directors of ASR Levensverzekering N.V., ASR Schadeverzekering N.V., N.V. Amersfoortse Algemene Verzekering Maatschappij, Europeesche Verzekering Maatschappij N.V., De Eendragt Pensioen N.V. and AXENT NabestaandenZorg N.V. are the same as those of ASR Nederland N.V. This is not the case where the other three entities are concerned.

With effect from 29 September 2011, the shareholder has been represented by Stichting Administratiekantoor Beheer Financiële Instellingen (NLFI), a trust office. a.s.r. was in frequent contact with NLFI in 2015, which was greatly intensified by the preparations for a.s.r.'s potential privatization.

a.s.r. attaches great value to a good relationship with the regulators. It is in frequent contact with both the Netherlands Authority for the Financial Markets (AFM) and the Dutch Central Bank (DNB). Outside of our routine contacts, a.s.r. spoke with DNB in 2015 about its reasons for not issuing a bid for VIVAT, about the preparations for the potential privatization and about unit-linked policies. a.s.r. was also in frequent contact about unit-linked policies with AFM.

Finally, the Executive Board believes that there should be a keen sense of awareness throughout the organization of compliance with rules and regulations as well as codes governing a.s.r. That is why it has been decided to have all a.s.r. employees take the professional oath, so that everyone has a thorough understanding of the importance of the related principles. The deadline for all employees having taken the oath is 1 April 2016. At year-end 2015, 70% of all employees had taken the oath.

CSR and sustainability
We are keenly aware of a.s.r.'s role in society and the sustainable and ethical choices that come with it. The organization is committed to forging sustainable relationships with our customers and advisors (the intermediary channel) every day. To achieve this, we are continuously working to improve our services and offer sustainable insurance products. Our key driver is to be a socially relevant insurance company. This also encompasses our investment policy and our insurance and banking products, as well as the procedures for selecting social projects to participate in.

Environment issues came to the fore in various discussions about sustainability in 2015. The environment was a key factor in every decision we took in relation to the renovation of the building at Archimedeslaan. This was reflected in the building being awarded the BREEAM Excellent label. It has also been decided to take measures to further reduce the carbon emissions caused by our lease car fleet.

Renovation of head office
In 2009, we made the choice to move our people to a single building, which should help to reduce costs (from 15 locations to one) and create a shared culture for our organization. a.s.r. is committed to sustainability, which was one of the reasons for not leaving behind a vacant property, but renovating it and preparing it for the new world of work, which is characterized by customer focus. The renovation was undertaken while business went on as usual in the building; colleagues from other locations were moved gradually to Utrecht.

The second stage of the building works was completed early in 2015. The third and final stage was completed in December 2015.

The works progressed as planned and came in within budget. We received very few complaints about inconveniences experienced by users and neighbours. The employees working in the renovated building are very proud of their work environment. The renovated building, which has already been showered with several awards, has been assigned energy efficiency rating A and received the BREEAM Excellent label.

No bid for VIVAT
Various players, including DNB, feel that consolidation in the Dutch insurance market is a must and an inevitable fact of life. Given its robust capital position and efficient operations, a.s.r. is perfectly positioned to consider potential consolidation opportunities provided that they fall in line with its risk appetite and meet other requirements in the areas of capital, risk and return. After a thorough due diligence, the Executive Board decided early in 2015 not to submit a binding offer for VIVAT. Together with a consortium of investors, which had been formed for the purpose of funding a potential bid, a.s.r. looked at all the ins and outs of a bid. Based on the findings, it was decided not to submit a final bid for VIVAT.

Privatization
From the time that a.s.r. was nationalized in 2008, all our people have worked hard to build a financially solid and socially relevant insurance company that would be ready to return to the private sector at some point in time. The commercial drive, capital position and profitability of the different business lines of a.s.r. and of a.s.r. as a whole are developing well and a.s.r. was one of the best-positioned insurers in the Dutch market in 2015. a.s.r. is well on its way to becoming the 'other insurer' that treats customers fairly and helps by taking action.

The accomplishments over the past few years show that a.s.r. is on track for a successful privatization. In November 2015, Dutch Finance Minister Dijsselbloem submitted his plan to the Dutch Parliament in which he announced his intention to sell a.s.r. and to ask a.s.r. and its shareholder NLFI to start preparing for an IPO in the first half of 2016. The Dutch Parliament agreed to the Minister's plans at 28 January 2016. A potential IPO will not affect the service provision to our customers. We will continue on the path we have chosen by demonstrating every day that we are committed to building an insurance company that helps people and continuously works to develop sustainable relationships with its customers.

Developments in premium income/cost ratio
In 2015, the Executive Board went on to make costs more flexible and manage them, while constantly working to improve service quality. New pension and health insurance propositions, for instance, are administrated using SaaS solutions at low and flexible costs. But with respect to existing portfolios too, choices have been made to reduce costs and make them more flexible, while improving our service provision at the same time, e.g. by outsourcing the pension business's back office and transferring life policies to a SaaS solution.

In the Executive Board's opinion, costs should be viewed in relation to premium income and earnings. Acquisitions, for instance, may come with acceptable cost increases – and increases in premium income – and costs incurred for raising our level of professionalism that can be 'recouped' can also tie in with the envisaged cost development. One example is that we decided to insource a claims inspection service in 2015. The insurance market is fiercely competitive. To stay relevant, a.s.r. not only needs to be able to offer its customers attractive prices, but also provide attractive service levels. After all, insurance is all about creating a safety net for unforeseen circumstances. For this reason, the Executive Board considers it of great importance that a.s.r.'s product and service offering remains of high quality in the future.

Closing remark from the Executive Board

The Executive Board is grateful to all employees for their unrelenting commitment to helping customers every single day and to making a.s.r. the valued and socially relevant insurance company that it aspires to be, and for the results that were achieved in 2015 in particular. The Executive Board also wants to express its appreciation to the Supervisory Board and the shareholder for their constructive input. The sessions and discussions about such issues as a.s.r.'s planned potential privatization were intensive and of great added value to our business. But most of all we owe a debt of gratitude to our customers who have chosen our products and services. It is only by their grace that we exist.

Utrecht, the Netherlands, 4 April 2016

The Executive Board
Jos Baeten
Karin Bergstein
Chris Figee
Michel Verwoest

2.2 Financial Performance

2.2.1 a.s.r.

- The operating result was up € 104 million, rising from € 417 million in 2014 to € 521 million in 2015.
  - A sound performance by the Non-life segment, partly due to the robust combined ratio of 95.0%.
  - Strong improvement of results in the Life segment, where incidental expense items still had an adverse effect on earnings in 2014.
  - A slight increase in operating result from other segments.
- Profit for the year rose from € 423 million in 2014 to € 601 million in 2015, mainly due to the higher operating result, an increase in one-off investment income from equities and an increase in the value of the property portfolio.
- The Solvency II ratio [1] continued to rise, standing at a midpoint estimate of 185% at year-end 2015 after distribution of the proposed dividends (year-end 2014: approx. 170%) [2].
- The DNB solvency ratio [3] (Solvency I) rose further to 305% at year-end 2015 (year-end 2014: 285%).
- Equity attributable to holders of equity instruments (IFRS-based equity) was up € 550 million, rising from € 3,709 million at year-end 2014 to € 4,259 million at year-end 2015.
- Gross written premiums increased to € 4,092 million (up 8%), mainly due to a buy-out of a pension fund and strategic acquisitions in 2015.
- Operating expenses came to € 575 million (2014: € 524 million). This increase was primarily due to a rise in regular expenses as a result of the strategic acquisitions. Operating expenses were also affected by a number of incidental expense items.
- In 2015 a.s.r. focused on core activities, illustrated by:
  - Increase of scale in the Life segment (acquisitions of De Eendragt and AXENT).
  - Bolstering of our strategic position in the intermediary distribution channel (acquisitions of Van Kampen Groep and Dutch ID).
  - Classification of the real estate development operations and emergency assistance services as ‘non-core’, which resulted in the sale of SOS International on 26 January 2016.

1 The Solvency II figures are based on the standard formula, the application of which will be further developed in some respects.
2 The estimate at year-end 2014 was based on the methodology in force at the time.
3 This is the last press release in which the Solvency I ratio is mentioned. Under EIOPA regulations, the Solvency I regime has been superseded by the Solvency II regime with effect from 1 January 2016.

Key figures, a.s.r. (in € millions)	2015	2014 (restated)
Gross written premiums	**4,092**	**3,787**
- Non-life	2,350	2,359
- Life	1,828	1,543
- Eliminations	-86	-115
Operating expenses	**-575**	**-524**
- Non-life	-207	-215
- Life	-205	-178
- Banking and Asset Management	-48	-46
- Distribution and Services	-22	-6
- Holding and Other	-112	-96
- Real Estate Development	-6	-7
- Eliminations	25	24
Operating expenses associated with ordinary activities	-538	-485
Provision for restructuring expenses	-30	-28
Operating result	**521**	**417**
- Non-life	169	155
- Life	434	349
- Banking and Asset Management	12	7
- Distribution and Services	3	2
- Holding and Other	-93	-102
- Real Estate Development	-	-
- Eliminations	-4	6
Incidental items (not included in operating result)	**258**	**117**
- Investment income	371	216
- Underwriting incidentals	-	-93
- Other incidentals	-113	-6
Profit/(loss) before tax	**780**	**534**
- Non-life	217	199
- Life	709	373
- Banking and Asset Management	10	6
- Distribution and Services	4	1
- Holding and Other	-67	-40
- Real Estate Development	-93	-12
- Eliminations	-	7
Income tax expense	-150	-108
Profit/(loss) for the period from continuing operations	630	426
Profit/(loss) for the period from discontinued operations	-26	-5
Non-controlling interest	-3	2
Profit/(loss) for the period attributable to holders of equity instruments	**601**	**423**

	2015	2014 (restated)
New business, Life (APE)	92	140
New business, Non-life	208	201
Combined ratio, Non-life	95.0%	94.8%
Return on equity	17.2%	11.0%
Operating return on equity	13.9%	11.7%

Equity and solvency (in € millions)	2015	2014 (restated)
Total assets	53,338	51,654
Total equity (IFRS)	4,259	3,709
Solvency I ratio	305%	285%
Solvency II ratio (standard formula) – after dividend midpoint estimate	c. 185%	c. 170%
Headcount in FTEs (internal)	3,650	3,513

Macro developments in the Netherlands

Demography

At the end of 2015, the Netherlands had 17 million inhabitants. While the population has been growing at a 0.5% compounded annual growth rate ('CAGR') over the past twenty-five years, the population is also aging (18% 65+ in 2015 as compared to 13% in 1990). Consistent with other Western European countries, stabilisation of the population is expected around 2035, while the aging phenomenon will continue. Demographic developments vary by region, with some regions expecting population shrinkage within the next twenty years.

Economy

The Dutch economy is recovering from the economic downturn triggered by the financial crisis which commenced in 2008. After a fall in housing prices between 2008 and 2012, the Dutch economy began to stabilise in 2013 and returned to growth later that year. Despite the impact of economic imbalances across the Eurozone, many main economic drivers, including consumption, corporate investments, government spending and exports have contributed to the stable economic performance of the Netherlands in recent periods (GDP growth 2010-2014 +1.3% CAGR).

In the second quarter of 2014, the Dutch economy had recovered such that it was almost the same size as before the financial crisis of 2008. GDP was € 663 billion (the thirteenth largest GDP per capita globally) with a growth of 1.9% for the year ended 31 December 2014. In the second quarter of 2015 GDP growth in the Netherlands was 1.8%, up compared to the second quarter of 2014. On 31 August 2015 unemployment was 6.8%. S&P expects the Dutch economy to grow 1.7% on an annual basis through 2017 (2014: 0.9% growth). Today, the Netherlands has an AAA rating with all three rating agencies: Moody, Fitch, S&P.

Financial sector

The Dutch financial sector is large (measured by GWP) compared to other EU countries. During the 2008 financial crisis, key banks and insurers were nationalised or received state aid, but the process of re-privatisation has started. As a result of the financial crisis there is increasing attention on transparency, customer care, simpler products and moderate remuneration in the financial sector by regulators, politicians and the general public. As of 1 January 2016, Solvency II regulations came into force after many years of preparation. The Solvency II regime comprises requirements for insurance companies. The introduction of the new regime is meant to harmonize the European insurance market, increase the protection of policyholders and improve risk awareness in both the governance and management of insurance companies. Solvency II sets more sophisticated solvency requirements and will form an integral part of the risk management of insurance companies.

Insurance industry in the Netherlands

In 2014, the Dutch insurance market was the fifth largest in Europe, following behind the United Kingdom, France, Germany and Italy. The Netherlands ranked the third highest in the EU in 2014 in terms of insurance density and had the highest GWP per capita in the EU (€ 4,500). The Dutch insurance market is a mature market, with a GWP as a percentage of GDP of 11.0%. In 2014, Dutch insurance companies paid out € 71 billion in claims to their customers, and received € 74 billion in premiums. The CAGR of the Dutch insurance market (including health) in terms of GWP amounted to -1.0% between 2010 and 2014, which excludes reinsurance premiums written.

The Dutch insurance industry can be divided into two categories of insurance products: (a) life insurance, which comprises group life, individual life and funeral insurance, and (b) non-life insurance which comprises P&C, disability insurance and health insurance. a.s.r. was the fourth largest composite

life and non-life (excluding monoline health insurers) insurance provider in the Netherlands measured by GWP in 2014.
The Dutch insurance market is mature, with a few leading insurers in all segments.

Distribution

The distribution channels for life and non-life insurance include (a) intermediaries (advisors, mandated brokers and actuarial consulting firms), (b) the distribution networks of banks ('Bancassurance'), (c) direct sales, (d) collective insurance partners, such as sports federations and travel agents) and (e) other channels such as post offices and retailers.

In all markets except health insurance, intermediaries account for most of the commercial business line volumes and a significant portion of the retail line volumes. The typical ('traditional') intermediary is a small business with a physical office and limited or no online presence. Fifty-two percent of intermediaries are freelancers of which most have annual revenues below € 150,000. Some of the larger intermediaries also operate as mandated brokers and have branded insurance products.

Distribution channels in the Dutch market are in a state of transition. The number of small intermediaries (fewer than 20 employees) has been decreasing (around -3.6% annually since 2011) while number of intermediaries with over 20 employees has remained steady. Drivers and trends currently shaping the market are:

- The decrease in the number of intermediaries, primarily driven by the ban on commissions for complex products in 2013 and the increasing requirements in respect of expertise for advising on financial products;
- In addition, these developments have led to an increase in specialisation of the remaining (larger) intermediaries; and
- Both insurance companies and intermediaries have been building up their online distribution capabilities. Still, few intermediaries are present online (in 2013: 28%, of which only 60% generated revenue online).

Financial performance in 2015

The operating result was up € 104 million, rising from € 417 million to € 521 million. The operating result from the insurance business showed a € 99 million rise to € 603 million, due to an increase in both the Life and Non-life segments.
In the Non-life segment operating result increased by € 14 million, from € 155 million to € 169 million. The improvement was due in particular to the occupational disability and health insurance businesses. In the P&C business, the combined ratio also remained well below 100%, despite the damage caused by summer storms.
In the Life segment, the operating result increased by € 85 million, rising from € 349 million in 2014 to € 434 million in 2015. In 2014, the operating result was adversely affected by a number of provisions. Adjusted for this effect, the figure was stable.

The increase in the operating result from the non-insurance business was due mainly to lower interest accrual on the pension provision in the Holding segment and a higher operating result from the banking operations.

Profit for the year was up € 178 million, rising from € 423 million to € 601 million, due in particular to the higher operating result, a one-off increase in of equity investment income and an increase in the value of the property portfolio. Conversely, the decision to sell or discontinue parts of the real estate development business caused additional loss provisions to be formed in 2015.

Incidental items not included in the operating result mainly related to the increase in investment income, which was driven mainly by higher realized capital gains and the revaluation of the property portfolio. In the first half of 2015, a.s.r. scaled back its equity exposure on relatively high price levels in order to stay within the set risk bandwidths. Other incidentals relate to:
(i) Recognized provisions for losses suffered by the real estate development business;
(ii) Consulting fees for acquisitions, restructuring expenses and shareholder-related expenses.

The Solvency II ratio stood at midpoint estimate 185% as per 31 December 2015 after distribution of the proposed dividend of € 170 million, based on the standard formula (year-end 2014: approx. 170% based on the methodologies in force at the time). a.s.r. applies a bandwidth of +10%-points and -10%-points around this midpoint estimate reflecting both potential positive and negative factors of which the final impact still needs to be determined, referring to the interpretation of the delegated acts.

The Solvency II ratio increased by gains from business performance, traditional measure in equity risk and issuance hybrid capital. This positive effect was partly offset by changes to non-economic assumptions and an increase in the capital requirement due, for instance, to the acquisitions of De Eendragt and AXENT, and a prudent margin on the potentially assumed tax factor under Solvency II (loss-absorbing capacity of deferred tax).
The DNB solvency ratio strengthened further at year-end 2015 to 305% (2014: 285%).

Return on equity (ROE) based on profit for the year rose to 17.2% (2014: 11.0%).
Operating return on equity climbed to 13.9% (2014: 11.7%). Both the Life and Non-life segments posted a higher operating result.

Gross written premiums increased by € 305 million on 2014, rising to € 4,092 million (up 8%). In the Non-life segment, gross written premiums were stable at € 2,350 million (2014: € 2,359 million). P&C saw a € 14 million (or 1%) rise in gross written premiums. The increase in the Life segment was mainly attributable to gains from the buy-out of a pension fund and strategic acquisitions.

New business in the Non-life segment rose to € 208 million, € 7 million higher than in 2014. This increase occurred mainly in the health insurance business (€ 6 million), due to growth in the Ditzo portfolio. P&C and occupational disability were virtually stable. In the Life segment, new business fell from € 140 million in 2014 to € 92 million in 2015. The difference was mainly attributable to the signing of a large pension contract in 2014,

which was classified as gross written premiums in 2015. Other causes for the decline in new business included the structural fall in demand for individual life insurance products and a.s.r.'s preference for value over volume.
a.s.r. bolstered its position in the pension and funeral insurance businesses (Life segment) in May 2015 by acquiring De Eendragt and AXENT. These two acquisitions have diversified a.s.r.'s risk profile and added € 3.5 billion to its assets invested.

Operating expenses for 2015 amounted to € 575 million (2014: € 524 million). The increase was due in particular to a.s.r.'s incorporation of De Eendragt, AXENT, Van Kampen Groep and Dutch ID and the associated acquisition costs.

The number of internal FTEs rose by 136 (or 4%) from 3,513 in 2014 to 3,650 in the reporting period, due to the strategic acquisitions in 2015 (an increase of 344). Disregarding the effect of the strategic acquisitions, the headcount fell by 208 to 3,306. This was the result of previous restructuring operations designed to reduce costs on a sustainable basis and increase cost flexibility. In line with this, about 90 people (80 FTEs) in the a.s.r. pension business transferred to Infosys in the reporting period as part of an outsourcing drive.

2015 objectives and achievements

Objective: further improve and differentiate on financial performance

- Very strong financial result; a.s.r. delivered € 521 million operating profit and 13.9% Operating ROE. IFRS ROE grew to 17.2%;
- Dividends paid to shareholder grew further 22% to € 170 million;
- Strongly enhanced financial disclosure with new segmentation and additional details on Solvency II.

Objective: strengthen competitive position

- Continuation of organic reduction of internal work force (internal FTEs excluding acquisitions reduced by 208 FTE);
- Significant new business initiatives, e.g. reinsurance on pension buy out contracts, further decentralization and empowerment of a.s.r. business lines, achieved top line growth in P&C whilst writing 98% COR business.

Objective: optimize balance structure and enhance capital management

- Solvency II standard formula very strong at midpoint estimate 185% after proposed dividend;
- Balance sheet further optimized:
    - Issued € 500 million Tier 2 hybrid capital instrument;
    - Financial leverage at 25.1%; Operating interest cover at 9.8x;
    - Double leverage reduced to 102%.

Objective: strengthen business portfolio of the Group

- Added additional scale in life & pensions segment whilst maintaining longevity / mortality balance (AXENT, NIVO, De Eendragt);
- Boosted scale in Distribution and Services segment (VKG, Dutch ID);
- Strengthened third party asset management skills in run-up to APF as business model;
- Divested business where a.s.r. is not the best owner (SOS International).

Tax strategy

ASR Nederland N.V. is a Dutch company. Both the parent company and its associates have their registered offices in the Netherlands. a.s.r.'s business focuses virtually exclusively on the Dutch market. Its income tax liability is concentrated nearly entirely in the Netherlands.

The relationship between a.s.r. and the Dutch Tax & Customs Administration is governed by a so-called Horizontal Supervision Covenant, which is based on transparency, understanding and trust. a.s.r. periodically sits down with the tax authorities. a.s.r. submits relevant standpoints (on tax matters) to the tax authorities as soon as possible and actively offers them insight into all relevant facts and circumstances, its standpoints and its view of the related legal effects.

a.s.r.'s strategy is an extension of its corporate strategy, one of the pillars of which is that a.s.r. is committed to corporate social responsibility. With this in mind, a.s.r. wants to be a socially responsible taxpayer. This is reflected in the level of professionalism of the tax compliance function. a.s.r. does not push its limits when it comes to tax planning and arm's length principles are always leading.

a.s.r. has a tax department, which plays a central role in all things tax-related. The tax department occupies an objective and independent position within a.s.r. and assesses the quality of internal tax opinions. The tax opinions a.s.r. offers to (retail) customers do not contain any information that might encourage them to commit tax violations.

a.s.r. is developing an in-house Tax Control Framework. This framework is designed specifically to manage tax issues affecting a.s.r.'s business practices and will encompass all policies, procedures and controls. The purpose of this internal system of managing tax risks is to file correct and complete returns for all types of taxes and to do so within the set deadlines. Being in control of tax risks also guarantees that tax debts are paid on time.

a.s.r.'s effective tax rate can be derived from the table breaking down the income tax expense (see chapter 5.32 of the financial statements for 2015). At 25%, the nominal tax rate was the same in 2015 as in 2014. This percentage corresponds to the Dutch income tax rate. a.s.r.'s effective tax rate for 2015 was 19.23% (2014: 20.22%). In addition to exempt profit constituents and non-deductible costs, the difference between the nominal and effective tax rates was affected by prior-year adjustments as well. These tax adjustments weighed down the nominal tax rate by 4.6% (2014: 1.4%)

Insurance business

2.2.2 Non-life segment

- The operating result rose from € 155 million in 2014 to € 169 million in 2015 thanks to an increase in earnings from both the occupational disability and health insurance businesses. In the P&C business, developments in earnings were affected by the summer storms in 2015. Despite this, the combined ratio in the Non-life segment remains practically unchanged at 95.0%.
- Profit for the year was up 10%, rising from € 153 million to € 169 million due to the higher operating result.
- At € 2,350 million, gross written premiums in the Non-life segment (P&C, occupational disability and health insurance) were in line with 2014.
- Regular operating expenses were down 4%, due to further efficiency improvements.

Key figures, Non-life (in € millions)	2015	2014 (restated)
Gross written premiums	2,350	2,359
Operating expenses	-207	-215
Provision for restructuring expenses	-15	-14
Operating result	**169**	**155**
Incidental items (not included in operating result)	**48**	**44**
- Investment income	63	58
- Underwriting incidentals	-	-
- Other incidentals	-15	-14
Profit/(loss) before tax	217	199
Profit/(loss) for the period attributable to holders of equity instruments	**169**	**153**
New business, Non-life	208	201

Combined ratio, Non-life	2015	2014 (restated)
Commission ratio	15.0%	15.5%
Expense ratio	8.9%	9.3%
Claims ratio	71.1%	70.0%
Combined ratio, Non-life	**95.0%**	**94.8%**
Combined ratio		
- P&C (a.s.r. Non-life, Ditzo and Europeesche Verzekeringen)	98.5%	95.0%
- Occupational disability insurance	89.6%	91.3%
- Health insurance	95.5%	98.9%

Profile

The Non-life segment consists of non-life insurance entities and their subsidiaries. These non-life insurance entities offer non-life insurance contracts, including policies insuring risks related to motor vehicles, fire, travel and leisure, liability, legal assistance, occupational disability and medical expenses. The most significant entities of the Non-life segment are ASR Basis Ziektekostenverzekeringen N.V., ASR Schadeverzekering N.V. and N.V. Amersfoortse Algemene Verzekering Maatschappij.

Non-life insurance market

The Dutch non-life insurance market (including health insurance) was the fourth largest non-life insurance market in Europe in 2014 measured by GWP, behind Germany, the United Kingdom and France. General insurance density (including health insurance) in the Netherlands measured by GWP per capita was $ 4,393 (€ 3,631 at the exchange rate of € 1 = $ 1.2098 as at 31 December 2014) in 2014.

The Dutch non-life insurance market (excluding health insurance) measured by GWP amounted to € 14.3 billion in 2014, representing 19.5% of the total Dutch insurance industry. With a 12.1% market share in 2014, a.s.r. was the second largest insurer in the non-life insurance market (excluding health insurance). The Dutch health insurance market amounted to € 41.5 billion, representing 56.6% of the total Dutch insurance industry in 2014.

The Dutch non-life insurance market is a mature and highly competitive market, with 74 insurance groups active in the non-life market excluding health in 2014, and nine insurance groups active in the health insurance market in 2014.

P&C

This segment consists of (a) motor (including bodywork and motor vehicle liability), (b) fire (including property damage, natural forces and engineering, (c) transport (goods in transit) and (d) other (liability, miscellaneous financial loss and legal expenses).

Market

P&C accounts for 14.7% of the Dutch insurance market. Between 2010 and 2014, the Dutch P&C market declined with -3.2% CAGR, primarily as a result of the economic downturn (lower insured sums), increased transparency and increased pressure on premiums.

The outlook for 2016 and 2017 is fairly stable with limited growth expected in the mid-term, in line with GDP development. Growth potential is somewhat hampered by the (already) high penetration for most product groups and limited room for premium increases due to fierce competition in the market.

The P&C insurance market is competitive, with the top six insurers having a combined market share of approximately 60% and few foreign market participants. In recent years new, specialised market participants and brands have entered the retail P&C segment, often as subsidiaries of larger insurers.

Distribution

In the Dutch P&C insurance market, most products are distributed via advisors, mandated brokers and through direct distribution. The distribution channel mix varies for retail and commercial market segments. In terms of new production, the direct channel has become increasingly important in the retail market segment (47% direct in 2014, 30% via advisors, 16% via Bancassurance and 6% via other), in particular for the sale of less complex products. In terms of portfolio size, the direct channel is not growing (but remains stable at around 20% of portfolio), mainly as a result of the high churn rate in the direct channel. In the commercial market segment (in particular SME which represents the majority of the P&C volume), intermediaries remain dominant, as the commercial market generally requires more complex and customised products.

Trends

- **Changing customer behaviour and commoditisation of retail P&C**
  In respect of financial products which are less complex (commoditised), easily comparable and not linked to other financial products (such as mortgages), retail customers increasingly tend to gather information online. After orientation, customers tend to use the intermediary or direct channel for the product purchase.
- **Economic growth and premiums in commercial P&C**
  Economic growth increases insured sums in the commercial market. However the current soft market is expected to hamper premium income increase.
- **Growth of market share of mandated brokers and emergence of service providers**
  Mandated brokers and service providers increased revenues (a combination of fees and commissions) from € 2.1 billion in 2011 to € 2.3 billion in 2014. Service providers accounted for approximately 20% of the total retail P&C insurance portfolio in 2014 (40% via advisors and 40% via mandated brokers). The growing market share of mandated brokers and service providers stems from their ability to compete on price and to combine products that they offer in a cost efficient way.
- **Technological disruption**
  Technological innovation is impacting non-life insurers. Big data and online servicing can help to make processes more efficient (e.g. business rules for underwriting, fraud detection and claim handling), offer more tailored products, adapt pricing and offer better service to customers. In the long-term, technologies such as the automated car can have a disruptive impact on the insurance market by reducing or changing risk and thus the need for insurance, while other developments, such as the need for cyber security, can lead to the formation of new P&C markets.

Disability

Disability insurance consists of three products: (i) disability self-employed, which is mostly for self-employed professionals, (ii) sickness leave, which covers the cost of the first two years of disability for employees, and (iii) Group disability, which covers the privatised part of formerly public insurance coverage.

Market

The overall disability market measured by GWP is 4.8% of total insurance market.
The combined ratio of the disability insurance market was calculated in accordance with DNB methodology was 121.6% in 2012, 107.2% in 2013 and 105.6% in 2014. The peak in 2012 was mainly due to the Group disability WGA-ER product, which resulted in market-wide losses for disability insurance companies. The market has been declining in recent years due to the economic downturn along with the 2013 commission ban.

The disability market is mature and concentrated, with the top three market participants controlling 61% of the market in 2014.

a.s.r. has a leading position in the disability market with the brand De Amersfoortse. The six largest market participants all provide the full product range (disability self-employed, sickness leave and Group disability WIA/WGA).

Distribution

In the disability insurance market most products are distributed through intermediaries. For the product categories sickness leave and Group disability, there is a requirement for customers to obtain advice, given the relatively complex products offered. In relation to self-employed disability there is an option for sophisticated clients to buy disability products via an execution-only structure directly from an insurer, without any advisory service.

Trends

- Political influence on disability insurance market
  The political landscape in the Netherlands has had an impact on the disability products offered and the related volume in terms of GWP. In general, a more liberal government tends to allow for a higher level of participation by the private sector in the disability market. The foundations for the current disability insurance market came into effect as a result of changes in social legislation starting in 1987. There is market potential for further deregulation in regard to disability products.
- Legislation (BeZaVa) for Group disability
  Currently, there are ongoing political discussions in relation to legislation for Group disability to extend employers' liability for temporary employees ('BeZaVa'), which is expected to represent a potential market size of € 528 million in 2016. It is expected that this legislation will become effective as of 1 January 2017.
- Dominant intermediary channel
  Historically, distribution of insurance products in the disability insurance market has primarily been through intermediaries. This was mainly driven by the requirement for customers to obtain advice prior to the purchase of a complex disability insurance product.
- Disability of self-employed
  The number of self-employed professionals has been increasing by approximately 4% per annum during the past 13 years in the Netherlands. To improve accessibility and insurability of self-employed, the disability market developed more flexible products to tailor the mix of excess and insurance coverage.
- Economy
  The disability insurance market is highly dependent on economic developments and changes in legislation. Although the market for disability has been declining in the period 2012–2014, it is expected that the disability market will follow the economic recovery in 2015. Growth in clients and premiums is expected to accelerate as a result of economic recovery and fewer bankruptcies, corresponding with higher employment levels and higher wages. Traditionally, the disability market has followed economic developments with a lag time of one or two years. Therefore, it is expected that the disability market will show marginal growth, independently of the effect of the BeZaVa legislation.

Health

Health is a highly regulated market. The Dutch healthcare system distinguishes two types of insurance: basic and supplementary coverage. All Dutch residents are required to have basic health insurance coverage, although coverage is free for minors. Basic coverage is the same across insurers as coverage is government driven. Consumers are free to decide whether they purchase supplementary coverage. Supplementary coverage, which has higher margins than basic insurance, is often offered in packages and varies by insurer. Insurers are required to accept all Dutch residents for basic coverage.
A government-run system of risk equalisation enables the acceptance obligation and provides insurers with compensation for excessive costs resulting from their customer base.

Market

In 2014, 13.4 million adults in the Netherlands paid for basic coverage. In the same year, 84% of adult Dutch residents paid for supplementary coverage. The CAGR in terms of GWP of the health insurance market in the Netherlands was 1.3% between 2010 and 2014. In 2015 new legislation transferred an estimated € 3.5 billion of healthcare costs from the public system to the private insurance system.
The average combined ratio of Dutch health insurers calculated in accordance with DNB methodology amounted to 97.1% in 2012, 96.9% in 2013 and 98.1% in 2014.

The Dutch health insurance market is a concentrated market, with nine insurance groups active in the market in 2014. The top four health insurance companies held a combined market share of approximately 90% measured by GWP in 2014.

The Dutch health insurance market is dominated by mono-line insurers with origins in the Dutch public healthcare segment. The number of customers who switched per calendar year has been stable in the last three years at approximately 7%.

Distribution

Consumers have two options to take out health insurance: individually or through a collectively agreed scheme. Products are sold via, for the most part, healthcare collectives with employers, customer groups and unions, which together represent approximately 6.5 million insured (65% of the collective health insurance market). Health insurance products for employers making arrangements for their employees are distributed through intermediaries and the direct channel. Health insurance products in the retail segment are primarily distributed through the direct channel (including aggregators). During the last four years, the distribution mix has remained fairly stable with the direct channel accounting for >80% of volume, with advisors' share of distribution in a high single-digit range and banks' share in the low single-digit range. Aggregators account for the vast majority of direct individual sales.

Trends

- Strong political influence on the health insurance market
  The core principle of the Dutch healthcare system is to

provide good access for all residents, however at the same time healthcare expenses are growing due to the ageing population, technological advancements and increasing costs of medicine. The Dutch government is continuously reorganising and optimising the healthcare system, with new legislation aimed at improving quality and reducing costs. Key initiatives of the Dutch government include:
- Cost control, quality improvement and a volume shift towards insurers. Technology companies, healthcare providers and insurers alike are pushing for innovation and the use of the internet in the health sector, which is expected to contribute to higher quality and lower cost. In 2015 new legislation transferred an estimated € 3.5 billion of healthcare costs from the public system to the private (insurance) system;
- Increased risk for health insurers due to changes in the government-run system of risk equalisation; and
- Mandatory excess ('own risk') for insured rises slightly every year.

- **Increasingly informed customers**
  Consumers are price sensitive due to price transparency and enforced standardisation of health insurance *(basispakket)*. Consumers seek a balance between freedom of choice in healthcare provider selection and lower premiums if limitations apply.
- **Health insurers seeking differentiation**
  Differentiation occurs across various factors: e.g. healthcare commissioning, new propositions, additional services and marketing. From 2010 to 2015 the number of basic health insurance labels has risen from 52 to 70, while the number of insurance groups owning these labels (nine) has not changed. In addition, health insurers are increasingly investing in infrastructure and in technology.

Financial performance Non-life

The **combined ratio** remained at a good level (94.8% for 2014 and 95.0% for 2015); as a result, the operating result in the Non-life segment rose from € 155 million in 2014 to € 169 million in 2015. In the occupational disability business, the combined ratio improved due to active claims management in both the individual and Group occupational disability businesses. Earnings from the health insurance business improved as a result of equalization effects and lower costs. In the P&C business, operating result was affected by the summer storms of 2015.

The increase in **profit for the year** was mainly attributable to the higher operating result and higher investment income (due to realized capital gains in particular).

Gross written premiums were almost stable at € 2,350 million (2014: € 2,359 million). In the P&C, premium income was up from € 991 million in 2014 to € 1,005 million in 2015. This rise was mainly attributable to an increase in premiums in the underwriting agency channel (up € 50 million), which was partially offset by a fall in the captive channel (down € 34 million). In a contracting market, gross written premiums in the occupational disability business dropped by € 48 million. This decline compared to the previous reporting period was largely due to a high single premium of € 21 million in 2014. In the health insurance business, premiums were up € 25 million, due in part to the higher inflow of new policyholders through Ditzo.

Regular **operating expenses** fell by € 8 million to € 207 million in 2015, driven by greater operational efficiency.

Business segments

General
The Non-life segment comprises the following three product lines:
- P&C insurance, including motor vehicle, fire, transport, liability and other insurance policies, as well as travel and leisure insurance products;
- Disability insurance, including disability self-employed, sickness leave and group disability, as well as occupational disability insurance products related to the Dutch Work and Income Act; and
- Health insurance, including basic health insurance and supplementary health insurance.

P&C insurance

General
a.s.r. was the third largest provider of P&C insurance products in 2014 in the Netherlands measured by GWP with a market share of 9.3%. a.s.r. offers a broad range of P&C insurance products under the brands a.s.r., Europeesche Verzekeringen and Ditzo. P&C had a combined ratio of 95.0% and 98.5% in 2014 and 2015, respectively. In 2015, the combined ratio for the brand a.s.r. amounted to 97.8% (2014: 93.7%; 2013: 98.5), for Europeesche Verzekeringen 100% (2014: 97.6%; 2013: 100.8%) and for Ditzo 116.6% (2014: 121.8%). a.s.r.'s P&C claims ratio increased from 59.9% at 31 December 2013 to 60.6% at 31 December 2015, while it outperformed the market average in each of the periods.

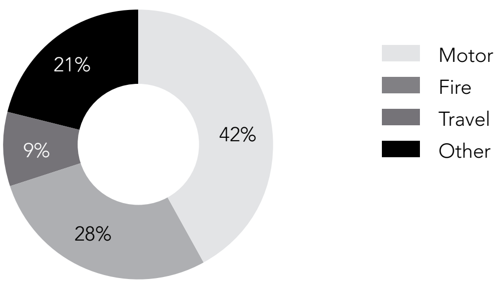
Based on rules set by the Dutch Association of Insurers *(Verbond van Verzekeraars)* in a code of conduct *(Gedragscode geïnformeerde verlenging en contractstermijnen particuliere schade- en inkomensverzekeringen)*, Dutch property and casualty policies can be entered into for a maximum term of twelve months. In the case of automatic extension for a period of one year, policyholders have the right to terminate upon 30-day notice.

Products
a.s.r. believes that P&C insurance products in the Dutch market are fairly standardised. a.s.r.'s broad P&C insurance product offering can be divided into the following categories of policies:
- **Motor**
  a.s.r.'s motor policies for retail and commercial clients provide third-party liability coverage for motor vehicles and commercial fleets, including property damage and bodily injury, as well as coverage for theft, fire and collision damage.

- Fire
  a.s.r.'s fire policies for retail and commercial clients provide coverage for a variety of property risks including fire, storm and burglary. Private coverage is provided on both a single-risk and multi-risk basis, with multi-risk policies providing coverage either for loss or damage to dwellings and damage to personal goods.
- Travel and Leisure
  a.s.r. offers travel insurance policies for retail clients and is a market leader in the travel and leisure market in the Netherlands.
- Other
  a.s.r. also offers other Non-life insurance products such as transport (only Non-life in transit), liability, agricultural and construction motorised vehicles, construction all risk and assistance.

a.s.r. was the second largest insurance provider with a market share of 9.2% in motor, the fourth largest provider with a market share of 8.8% in fire, the fifth largest provider with a market share of 3.9% in transportation and the third largest provider with a market share of 9.4% in other P&C insurance (including liability, travel and leisure) in the Netherlands in 2014 measured by GWP.

The following chart shows a.s.r.'s P&C product mix by GWP in 2015 (€ 1,005 million)



By brand, a.s.r. accounted for € 821 million of GWP, Europeesche Verzekeringen for € 161 million and Ditzo for € 23 million in 2015.

Distribution

a.s.r. utilises multiple distribution channels for its P&C insurance products and the choice of a particular channel depends primarily on the preference of customers. SME clients and families often seek advisory support and are served by advisors and/or mandated brokers. In the Dutch market, aggregators are frequently used for orientation and act as mandated brokers.

a.s.r. has a strong position in the intermediary channel (in 2014, a.s.r. was the market leader with a 24% market share in retail P&C and had the third largest market share of 16% in commercial P&C measured by GWP). The a.s.r. brand is a.s.r.'s P&C brand for intermediaries, and a.s.r.-branded products are also sold under brand names of mandated brokers (including aggregators) with a high average duration of client relationships and high average retention of customers (retail: 16.4 years with a retention rate of 86% in 2015, SME: 11.2 years with a retention rate of 87% in 2015). In 2015, the retail segment had a total GWP of € 258 million and 572,432 customers, while the SME segment had a total GWP of € 218 million and 19,414 customers, in each case excluding customers served via the mandated broker channel. This excludes GWP for mandated brokers, which accounted for € 344 million of GWP in 2015.

Travel and leisure insurance is sold under the brands Europeesche Verzekeringen and a.s.r. via the same channels as a.s.r.-branded P&C products, Europeesche Verzekeringen is also sold by travel agents. In 2015, travel and leisure had a total GWP of € 85 million and a retentionrate of 80%. The retention ratio, calculated as the number of customers in the current period who were also customers in the prior period divided by the total number of customers in the prior period, for travel & leisure only relates to € 34 million of GWP, as that the remainder of travel & leisure business has a duration of less than one year.

Individual clients seeking direct online purchase and online services are best served via Ditzo. Ditzo had 70,390 P&C customers in 2015 with total GWP of € 23 million and a retention rate of 72%.

Disability insurance

General

a.s.r. has been a market leader in respect of disability insurance since 2007, and in 2014 its market share in the Netherlands measured by GWP was 21.9%, with more than 99,000 retail and self-employed clients and approximately 78,000 SME and commercial clients. The total Dutch disability insurance market measured by GWP amounted to € 3.5 billion GWP in 2014. a.s.r.'s Disability segment maintained a combined ratio of 91.3% and 89.6% in 2014 and 2015, respectively. a.s.r. has reduced its disability claims ratio from 94.2% (excluding WGA-ER: 72.7%) at 31 December 2013 to 69.6% at 31 December 2015. a.s.r.'s retention ratio of 94.5% for Disability is above the market average of 94.1%.

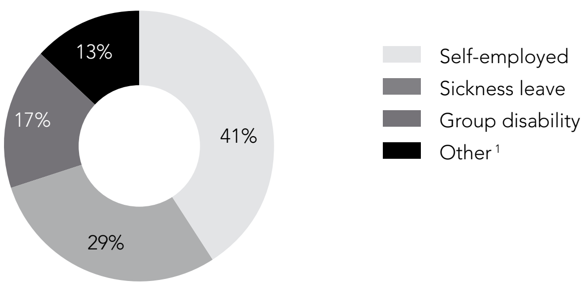
The foundations for the current disability insurance market came into effect as a result of changes in social legislation starting in 1987. a.s.r. was one of the first to respond offering disability insurance solutions under the De Amersfoortse brand, and today a.s.r. offers a broad range of disability products for SMEs, self-employed and individual customers.

Based on rules set by the Dutch Association of Insurers *(Verbond van Verzekeraars)* in a code of conduct, (*Gedragscode geïnformeerde verlenging en contractstermijnen zakelijke schade- en inkomensverzekeringen*) Dutch disability policies can be entered into for an initial term of up to three years and are thereafter automatically extended every year for a period of one year, with a termination right by policyholders upon 30-day notice.

Products

a.s.r.'s disability business line comprises two primary categories: Self-employed (including self-employed and retail customers) and group disability. For both product categories, in addition to insurance products, a.s.r. offers the services of in-house medical advisors, re-integration managers, vocational experts and external parties offering reintegration, health and safety services *(arbodiensten)*, combined with skilled claim handlers, for all policyholders, to assist with their reintegration. In Group disability, a.s.r. also has a joint venture with NN Group called *'Keerpunt'* (a workplace reintegration services provider), in addition to its own in-house specialists.

- Self-employed
  a.s.r. provides disability coverage to self-employed individuals for loss of income caused by disability. In case of disability, customers are provided with a payment until recovery, death or in case of permanent disability up to late age or the retirement age. a.s.r. offers self-employed disability products for all professions. Individual employees can insure themselves for disability protection for e.g. mortgage payment protection and supplementary wage protection (wia excedent) in addition to that provided under social legislation, i.e. income protection against disability for employees whose disability risk is not insured by their employers. The average customer duration was 10.6 years.
- Group disability (sickness leave and long-term disability)
  a.s.r. provides employers with two categories of products: (i) sickness leave disability products, which cover the first two years of employers' mandatory salary payments in the case of disability of employees (SME market), and
  (ii) long-term group disability products which offer coverage up until retirement age depending on the coverage (SME market and corporate market). As the BeZaVa act *(wet beperking ziekteverzuim en arbeidsongeschiktheid bij vangnetters)*, comes into force as of 1 January 2017 for the part of WGA liability for temporary employees. A new additional market segment for group disability products will be created. With respect to Group disability the average customer duration for sickness leave was 7.0 years, while the average customer duration for sickness leave was 8.8 year.



1 a.s.r. also offers products related to sickness leave and group disability via mandated brokers. Due to the importance of this distribution channel, a.s.r. presents these sales as a part of a separate product category ('Other'). The average customer duration was 1.1 years.

Distribution
a.s.r.'s clients in the disability business line range from multi-national corporations to individual clients. a.s.r.'s main distribution channel for disability insurance products is the intermediary channel, including via mandated brokers for group disability products. a.s.r. is a market leader in the intermediary channel in disability insurance in the Netherlands with a market share of 42% for self-employed and 32% for group disability products in 2014 measured by GWP. On average, duration of client relationships within Disability is high, with average customer durations of 7 years, 10.6 years and 8.8 years for group disability, self-employed and sickness leave, respectively. Due to tightening regulatory requirements in the Dutch insurance market, there is a general trend toward consolidation in the intermediary market, which is particularly visible in group disability. Smaller brokers remain an important distribution channel for self-employed disability products, where smaller local intermediaries traditionally have strong positions.
The share of sales by mandated brokers has been increasing and reached 12% of the total disability portfolio in 2015.

Health Insurance

General
a.s.r. was the eighth largest provider of health insurance products in 2014 in the highly competitive Dutch market measured by GWP with a market share of 1.5%. a.s.r. offers health insurance products under the brands Ditzo and De Amersfoortse. Health had a combined ratio of 98.9% and 95.5% in 2014 and 2015, respectively. Health had limited capital requirements within a.s.r.'s structure, and circa 3% of a.s.r.'s total Solvency II was attributable to Health as at 31 December 2015.

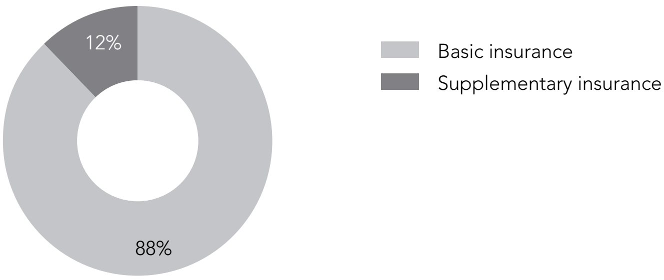
a.s.r. had a customer base of approximately 316,000 customers in 2015 who have taken basic health insurance and/or supplementary health insurance, of which approximately 180,000 were served by Ditzo, 125,000 by De Amersfoortse and 11,000 via mandated brokers.

Products
a.s.r.'s health business line comprises two primary categories: basic health insurance and supplementary health insurance.

- Basic health insurance
  a.s.r. offers basic health insurance coverage, the terms of which are mandated by law. For the year ended 31 December 2015, 88% of a.s.r.'s health portfolio measured by GWP (excluding governmental premium) was comprised of basic health insurance policies.
- Supplementary health insurance
  a.s.r. offers a range of health insurance products covering risks and expenses not covered by the Dutch basic health insurance scheme, including physiotherapy, restorative dental care, glasses, maternity care, medical assistance abroad and orthodontia. Services offered under supplementary health insurance packages vary depending on targeted customer groups. For the year ended 31 December 2015, 12% of a.s.r.'s health portfolio measured by GWP was comprised of supplementary health insurance policies.

In the fourth quarter of 2015, a.s.r. launched a new proposition called *'Doorgaanverzekering'* proposition, which combines the products offered by the Disability segment with the health insurance products described above, which is offerted to both self-employed and a.s.r. customers via the De Amersfoortse brand.

The following chart shows the a.s.r.'s health product mix by GWP in 2015 (€ 616 million):



By brand, in 2015 Ditzo accounted for € 173 million of GWP (of which € 150 million were attributable to basic insurance and € 23 million to supplementary insurance) and De Amersfoortse for € 156 million (of which € 111 million was attributable to basic insurance and € 45 million to supplementary insurance), while mandated brokers accounted for €14 million (of which € 10 million was attributable to basic insurance and € 4 million to supplementary insurance). These GWP's are exclusive of the governmental contribution for risk equalisation of € 273 million in 2015.

Distribution

The distribution mix of Health consists of the direct distribution channel under the Ditzo brand, focused on individual clients, while distribution under the De Amersfoortse brand is done through the use of intermediaries and is mainly focused on self-employed and SME customers.

Strategy

In the Non-life segment, a.s.r. aims to leverage its claims management skills and to maintain operational efficiency and total expense discipline in order to continue to deliver a combined ratio in line with its targets. a.s.r. seeks to develop products based on customer data, underwriting experience and claims management excellence. The entire process is managed on a business line basis, in which end-to-end empowered business directors are in charge of executing strategy for each product group. There is no separate chain or channel management at a.s.r. level for all non-life products.

a.s.r. strives to leverage its deep understanding of the Dutch non-life markets to apply risk based pricing to achieve profitable growth in line with GDP growth. a.s.r. aims to strengthen its presence in Non-life markets by improving connectivity with the intermediary channel, forward integration with service providers and by actively promoting its products through its own direct business, Ditzo.

a.s.r.'s main non-life product groups are: P&C, disability and health insurance products

P&C

In respect of P&C insurance a.s.r. endeavours to leverage its existing strengths and to achieve a combined ratio < 98% on the average over the course of the business cycle.

Leverage on existing strength and distinctive profitability

a.s.r. aims to continue developing its expertise in differentiated pricing, underwriting and claim handling, which a.s.r. believes are key drivers for sustainable value creation. a.s.r. believes it can achieve this through, for example, hiring additional senior insurance specialists and further analysis of data. The further analysis of data can improve a.s.r.'s business rules by making them more comprehensive, to apply them to its clients and to strictly monitor the performance of the different channels, while aiming for a more diversified P&C portfolio.

Investing in SaaS solutions

a.s.r. plans to implement a SaaS solution for the P&C business. a.s.r. believes that this SaaS solution will improve the robustness of its P&C systems and reduce the P&C business' fixed cost base while decreasing costs overall. An additional benefit a.s.r. expects from a SaaS solution is an improvement in connectivity with intermediaries through the creation of service concepts such as client portals.

Profitable and selective growth in market share

a.s.r. intends to selectively grow in the intermediary channel through more active intermediaries, acquiring a greater percentage of the business of the market's largest 650 advisors and by pursuing a retention strategy based on good customer service. Furthermore, a.s.r. aims to increase its market share in the SME liability and transport markets. a.s.r. intends to bring proven innovative products and services to the wider market, but only after testing these products and services by leveraging the distribution power and innovation skills of VKG and the learning and innovation skills of Ditzo.

a.s.r. considers the intermediary channel to be resilient. Customers who choose the intermediary channel tend to be more loyal, which results in high retention rates for these portfolios. a.s.r. believes that these long term relationships put it in an advantageous position relative to competitors with less commitment to this distribution channel. The relative share of the intermediary channel versus direct channel within the P&C market has remained stable over the last five years (excluding disability and health, based on GWP). The primary focus of a.s.r. in distributing P&C products is therefore on the intermediary channel.

Commercial insurance

a.s.r. intends to establish its position in the commercial mid-sized P&C insurance market as a.s.r. believes this will offer an opportunity for profitable growth. Commercial insurance products historically have not been a priority of a.s.r.
a.s.r. aims to focus on selective and controlled growth in this

sub-segment of the P&C market, in particular through sales of commercial insurance products to mid-sized corporates, while continuing to apply underwriting discipline and the a.s.r.'s 'value over volume' strategy even in this sub-segment. The first steps that a.s.r. plans to take are the development of underwriting and claims management skills specific to this market. Additionally, a.s.r. may pursue acquisitions in this sub-segment in order to acquire underwriting and claims management skills and to grow market share.

Disability

a.s.r. is the number one insurer in terms of GWP in the Dutch disability insurance market and, with its strong De Amersfoortse brand, a.s.r. believes that it is well-positioned to capture profitable growth opportunities in this market. Furthermore, a.s.r. holds a leading position in the advisory distribution channel. Disability insurance is expected to grow in line with general macro-economic trends. In addition to maintaining its focus on market leadership and achieving attractive combined ratios, a.s.r. intends to pursue growth opportunities especially within the SME and self-employed customer segments, leveraging on its strength in the intermediary channel.

Maintain market leadership with focus on the combined ratio
Through its disability product line a.s.r. aims to achieve the targeted combined ratio. In respect of disability insurance, a.s.r. plans to capitalise on its unique integrated approach of utilising a dedicated multi-disciplinary team of professionals and by maintaining focus on the enhancement and further development of pricing and underwriting, which a.s.r. believes are key drivers for sustainable value creation. a.s.r. believes that it can achieve this through (i) optimisation of pricing and focusing on cost efficiency, expanding skills and expertise in respect of claims management and reintegration (both supported by in-house medical advisors and specialists in the field); and (ii) data analysis. Furthermore, a.s.r. intends to pursue and enhance its strict performance management framework of mandated brokers, for example through an increase in audits. To improve competitiveness, the disability business line plans to finish the implementation of a system for Group disability, an IT platform resulting in better service (e-based underwriting), better underwriting and lower costs (self-fill data systems).

Product development for new business opportunities
a.s.r. intends to continue providing optimal services and high quality products to its customers. This is expected to be achieved by reducing the complexity of products and by keeping product offerings up-to-date through the introduction and development of new propositions to seize market opportunities. Recently planned or introduced product developments include:

- The development of a new product to cover the 12-year risk of disability including reintegration services complementary to social legislation *(BeZaVa)*;
- Improving access for and insurability of the self-employed;
- The introduction of *'Doorgaanverzekering'* under the De Amersfoortse brand. This is an integrated disability and health insurance proposition whose benefits for the customer include lower premiums and additional services. a.s.r. plans to develop several variants including basic coverage, full coverage and services that complement the existing disability or health insurance product. a.s.r. expects that this product will enable increased cross-selling between disability and health sub-segments. a.s.r. believes that the integrated process will result in customer appreciation and, in turn, increased retention rates.

Hybrid distribution to improve and secure distribution channels
a.s.r. intends to assist the intermediary channel with e-based underwriting systems and online channels to provide online product offerings. In addition, a.s.r. aims to support the mandated brokers in exploring the local SME market, including the introduction of new propositions. Furthermore, with the acquisition of Boval/Felison, a.s.r. believes it has strengthened its position in the mandated brokers segment.

a.s.r. believes that this approach should contribute to maintaining its market leading position in disability insurance. Legislative changes that further privatise care linked to reintegration could result in additional growth of the disability insurance market. An example in this respect is the currently proposed BeZaVa act. If the proposed BeZaVa act is adopted, temporary employees are expected to largely become managed by the private sector and the disability market is expected to shift from public to private. a.s.r. believes that it is well positioned to take advantage if this change occurs.

Health

The strategy of a.s.r. for Health is to continue to be an agile niche player with profitable underwriting, benefiting from alliances (e.g. collaboration with other insurance companies in respect of the purchase of medical care and Delphi R&D in respect of back office IT processes), with a focus on cross-selling and retention of customers. Health has a strong record with a combined ratio below 99% since 2013. a.s.r.'s strategies for offering health insurance products include the following:

- **Self-funding**
  a.s.r. intends to fund the growth of its health business exclusively through organically generated Solvency II capital without any capital injection from a.s.r.
- **Maintain brand appreciation**
  Health insurance is a product with a high degree of customer interaction. a.s.r. believes that the customer's perception of Ditzo Health and De Amersfoortse as measured by NPS of '9' leads to increased appreciation of a.s.r.'s overall brands. Therefore, a.s.r. intends to take advantage of the high degree of customer contact to offer the highest levels of customer service so as to maintain and, where possible, improve the brand appreciation of both its direct Health brands as well as its other, associated brands.
- **Support Ditzo and De Amersfoortse brands to facilitate cross-selling**
  a.s.r. is focused on the growth of Ditzo Health and De Amersfoortse customers to create cross-selling opportunities to its P&C and disability businesses,

particularly as the cost of acquisition for new health business is lower than the independent cost of acquiring new P&C customers. The sale of health insurance products via De Amersfoortse and Ditzo increases brand recognition and thereby improves retention rates. In 2015 23% of new Ditzo P&C customers also had a Ditzo Health product. Since the introduction of Ditzo Health in 2011, the number of insured individuals reached approximately 180,000 as at 31 December 2015 increasing opportunities for cross-selling. Furthermore, a.s.r. recently introduced the new product *'Doorgaanverzekering'*, which combines health and disability products, with a resulting cross-selling level of approximately 32% by Health. These cross-selling initiatives are also important for a.s.r. because retention rates of customers who purchase multiple products with a.s.r. are significantly higher compared to customers who only have one of a.s.r.'s products (the lapse rate for customers to whom a.s.r. cross-sold an Amersfoortse disability or health product decreased from 8.1% to 6.7% and from 8.7% to 4.5% respectively in 2015).

2.2.3 Life segment

- The operating result increased from € 349 million to € 434 million in 2015, mainly because incidental provisions formed in 2014 no longer adversely affected earnings in 2015.
- Profit for the year was up € 257 million from € 299 million in 2014 to € 556 million in 2015 due to an increase in the operating result, higher indirect investment income and incidental items in 2014.
- Gross written premiums increased by 18% to € 1,828 million due to the buy-out of a pension fund at year-end 2014 and strategic acquisitions in 2015.
- Regular operating expenses were up 15% in 2015, mainly due to an increase in the cost base as a result of the strategic acquisitions.

Key figures, Life (in € millions)	2015	2014 (restated)
Regular premiums written	1,256	1,308
Single premiums	572	235
Gross insurance premiums	**1,828**	**1,543**
Operating expenses	-205	-178
Provision for restructuring expenses	-11	-12
Operating result	**434**	**349**
Incidental items (not included in operating result)	**276**	**24**
- Investment income	287	122
- Underwriting incidentals	-	-93
- Other incidentals	-11	-5
Profit/(loss) before tax	709	373
Profit/(loss) for the period attributable to holders of equity instruments	**556**	**299**
Cost/premium ratio (APE)	12.3%	10.7%
New business (APE)	92	140

Profile
The Life segment comprises all life insurance entities and their subsidiaries. These entities offer insurance policies that involve asset-building, asset reduction, asset protection, term life insurance and Funeral expenses for consumers and business owners. These operations are being conducted by ASR Levensverzekering N.V. ('a.s.r. Leven') and, since 2015, also by De Eendragt and AXENT, which a.s.r. intends to merge with a.s.r. Leven in the course of 2016-2017.

Life insurance market

The Dutch life insurance market can be split into three product categories: (i) Group life, (ii) Individual life and (iii) Funeral.

The Dutch life insurance market was the 13th largest life insurance market in Europe in 2014 measured by GWP, accounting for 2.2% of the European life insurance market. Life insurance density in the Netherlands measured by GWP per capita was $ 1,296 (€ 1,071 converted at the exchange rate of € 1 = $ 1.2098 as at 31 December 2014) in 2014. The Netherlands has the 14th highest life GWP per capita in Europe, excluding premiums paid into non-commercial pension funds/schemes. The GWP of the life insurance market in the Netherlands amounted to € 17,5 billion in 2014, and the life insurance market represented 23.9% of the total Dutch insurance market. Total assets of life insurers amounted to € 436 billion at 31 December 2014. The CAGR in terms of GWP of the life insurance market in the Netherlands was -5.1% between 2010 and 2014. With an 8.8% markt share in 2014, a.s.r. was the sixth largest insurer in the life insurance market.

Group life

Group life is mainly pensions. The Dutch pension system consists of four pillars: (a) a mandatory state pension scheme ('Pillar 1'), (b) employer-based pension schemes ('Pillar 2'), (c) voluntary pension facilities with fiscal benefits ('Pillar 3') and (d) voluntary pension facilities without fiscal benefits ('Pillar 4'). Insurance companies only offer products from Pillars II, III and IV.

Group life insurance products are policies pursuant to which employers offer pension products and certain other insurance benefits to their employees. The Dutch group life market can be split in (a) traditional and (b) unit-linked.

Market
Pillar 2 consists of employer-based pension schemes. In 2014,

Dutch insurance companies had a 20% market share of the Dutch pension market, generating € 8.7 billion measured by GWP and representing approximately € 200 billion of AuM. Industry-wide pension funds and company pension funds held 78.5% market share in 2014, accounting for € 33.7 billion measured by GWP in 2014 and representing € 1,133 billion of AuM. IORP's accounted for the remaining 1.5% market share. GWP in the group life market has grown by 3.9% per year between 2010 and 2014, mainly due to the transfer of assets from smaller and liquidated pension funds to commercial insurance companies. These assets are incorporated in GWP as single premiums, which have shown a strong increase between 2012 and 2014. Recurring unit-linked premiums have decreased due to changes in regulation and the success of IORPs. In 2014, the IORP GWP had grown to € 380 million, from € 112 million in 2013 and a level of € 11 million in 2012 and representing approximately € 500 million of AuM in 2014.

The combined market share measured by GWP of the top six providers of group life insurance was approximately 99% in 2014. With respect to pensions, the large insurers differ from each other in their product focus, specialising in DB, DC, IORP and/or APF.

Distribution

Group life products are mainly distributed through the intermediary channel, in particular by a limited number of intermediaries. The pension intermediary market is consolidating, coming from 2,700 pension intermediary firms in 2012 to 1,076 firms in 2014. Actuarial intermediary firms, auditors and branded specialists (e.g. Willis Towers Watson, Aon, Mercer) are the main channels for corporate clients while small insurance advisory business are mainly used is SME market.

Trends

- Economy
  - Increased capital requirements have been put in place and there is a limited ability to absorb market risk due to low interest rates and longevity risk. This has led to a market shift from the more capital-intensive DB products to capital-light DC and APF products.
- Legislation
  - *Pension reform in the Netherlands, with further future reforms expected:* The Netherlands, like many other mature markets, is facing the economic consequences of an ageing population. To handle this issue, the Dutch government gradually extended the retirement age for occupational pensions from 65 to 67 in 2014, and linked it to life expectancy thereafter. In addition, fiscal support for the accumulation of pension benefits has been reduced. One of the consequences is an expected increase in demand for individual pension schemes in Pillars III and IV, as employer-paid pensions are likely to decrease in the future.
  - *Introduction of APF:* APF was introduced on 1 January 2016 with licensing of APF vehicles expected in the second quarter of 2016. While APFs are independent, they will enable insurers to serve companies who now have a company pension scheme (total € 301 billion AuM). Insurance companies can generate fees by offering services to newly formed APF foundations, such as administrative and asset management services.
  - *Tightening regulation:* Tightening regulation drives smaller pension funds either into consolidation or into insurance.
- Market
  - *Shift from defined benefit pension schemes towards defined contribution pension schemes:* Traditional Dutch group pension schemes are defined benefit pensions offering investment guarantees to employees. As a result of low interest rates, longevity risk and capital requirements under IFRS accounting rules, demand for defined benefit pension schemes is under pressure and defined contribution pensions are becoming an increasingly attractive alternative. Companies are looking for more affordable defined contribution alternatives which result in less volatile financial results for the employer. After the introduction of IORPs in 2011, IORPs have taken a significant portion of defined contribution premiums. IORP GWP levels grew from € 11 million in 2012 to € 380 million in 2014. As part of the shift of the market from existing products to new products such as DC (including IORP) and APF, insurers face a shift of active participants to inactive participants in their existing books. These existing books will need to be managed on costs, as the rights of the inactive participants and related assets will last for many years.
  - *Pension funds liquidating and moving to insured solutions:* Increasing regulation of pension funds, intended to ensure that pension funds comply with minimum coverage ratios, has resulted in stricter requirements on funding and governance. As a result small- and medium-sized pension funds are rapidly consolidating or are being liquidated.

Individual life

The individual life market consists of term life and annuities with no other products actively offered. The market is dominated by large market participants with small market participants active but in declining numbers (from 45 small market participants in 2010 to 36 in 2014). Many insurers have decided to close new business for most or all individual life products, focusing on customer services and retaining AuM. There is a possibility that the Dutch individual life insurance industry will consolidate.

Life insurance policies can be split into traditional life insurance policies, where the insurance company bears the investment risk, and unit-linked insurance policies (beleggingsverzekeringen), where the policyholder bears the investment risk. Life insurance policies can also be distinguished by type of premium payment (recurring or single premiums), and on the basis of insurance payments by the insurance company (capital sum or annuity, depending on product). Commissions have been banned for life insurance products since 2013.

Market
Individual life accounts for 11.9% of the insurance market, with € 8.7 billion GWP and 75% recurring premiums. The latter can be almost fully (98%) attributed to existing contracts in 2014. The CAGR of the individual life market is -11.2% for the period 2010-2014.

New production has decreased from € 822 million APE in 2010 to € 325 million APE in 2014 (CAGR -20%). While natural and unnatural lapses are larger than new production, GWP decreased over time.
The combined market share measured by GWP of the top six providers of individual life insurance was approximately 78% in 2014.

Distribution
In the Netherlands, individual life insurance products are sold through intermediaries (including advisors), Bancassurance, direct and other channels. The intermediary channel is the main distribution channel for individual life products and accounted for approximately 55% of life insurance GWP in 2014. The number of intermediaries declined as a result of the introduction of a prohibition on commissions for intermediaries. The direct channel for term life (26% in 2014) is growing.

Trends
Trends in the individual life market centre around three topics: market, legislation/economy and the customer.

- Market
  - The ongoing decline of the traditional and unit-linked markets is expected as a result of multiple factors. The market is returning to simple risk products. The demand for term life is expected to grow due to a foreseen recovery of the housing market.
  - Due to new entrants in term life, competition from incumbents and increasing price transparency are expected.
  - The individual life market is mainly seen as a closed book market. Many of the Dutch insurers consider their individual life books as closed books and are looking for ways to manage individual life portfolios in a cost efficient way; most continue to manage their own portfolios, but especially the smaller market participants may experience scale issues. The uses of BPO and ITO to reduce costs and make costs more flexible are being analysed by several insurers. Further consolidation is expected.
- Legislation and economy
  - Increasing capital requirements and low interest rates pose a challenge for making required returns on the existing portfolio.
  - Low interest rates on savings have a positive effect on lapse rates and retention rates as customers profit from relatively good returns on both nominal and unit-linked policies. In addition, customers are less price-sensitive at expiration of insurance products and generally choose the ease of dealing with the insurer over price.
- Customers
  - Want more and direct service from insurers, including information on existing or new products or advice.
  - Good service is an important condition for customers to remain with their insurers and is therefore an important driver for retention rates.

Funeral

Funeral insurance is a type of individual life insurance which is paid out upon death, either in cash or in kind, to cover related funeral expenses, such as a cemetery plot and headstone, casket, funeral procession and other miscellaneous costs.

Market
Approximately 70% of the adult Dutch population has funeral insurance and average premium levels vary from € 5 to € 15 per month. Of this 70%, approximately 50% are considered to be underinsured as a result of non-indexing. New business levels are low, mainly as a result of lower appetite for this product with younger generations, the intermediary commission ban (incentive for sale removed) and cost for advice is high in comparison to monthly premium level. Funeral insurance is characterised by low premium levels, predictable cash flows and relatively stable portfolios.

The Dutch funeral market is a mature market, with over 90% of the open book market controlled by five market participants. Only two large generalist Dutch insurance companies are currently offering funeral insurance, though more used to do so. The funeral insurance market comprises insurers who offer funeral insurance with in-kind benefits, supporting their funeral services business.

New entrants are not expected in the short-term and further consolidation is expected, as market participants seek economies of scale. Intermediaries are selling portfolios rights (advice will be the responsibility of insurers going forward), and the amount of smaller specialist market participants is expected to decrease (26 market participants with GWP below € 7 million, of which 19 have GWP below € 1 million).

Distribution
Historically, nearly all funeral policies were sold through intermediaries. In recent years direct sales have seen a strong increase. In addition to obtaining new customers, insurers also generate new business through fulfilling their ‘duty of care’ to their in-force underinsured customer base (e.g. increase insured sum).

Trends
There are three key trends in the Dutch funeral market: consolidation, a shift to the direct channel and a decrease in customer demand.

- Decrease in and change of customer demand
  Overall new production levels are expected to decline, as many customers are not willing to pay for advice on funeral insurance and as new generations show limited interest for

the product. Economic recovery and higher wages could slightly soften the overall downward pressure on demand. Retention of existing customers by increasing the customer satisfaction becomes therefore more and more important.

- **Shift to direct channel**
  As customers have low willingness to pay for intermediary advice, insurers are starting to promote their direct offering to compensate for the loss of intermediary volume.
- **Consolidation**
  Another trend in the funeral market is the consolidation of portfolios to create more value on existing and new business by reducing the costs per policy. This is possible as some large insurers have moved funeral to closed book and hence are looking for solutions for their portfolios. Furthermore, there are a number of insurers with sub-optimal scale (approximately 19 Dutch funeral insurers, who have less than € 1 million GWP).

Financial performance Life

The operating result for 2015 came to € 434 million, up from € 349 million for 2014. One of the reasons for the increase was an incidental technical provision formed in 2014. In addition, an incidental provision formed in 2014 was released in the pension business in 2015. 2015 saw a higher release of realized capital gains and lower write-downs on swaptions. This increase was partially offset by a fall in underwriting gains in the pension business due to lower pricing of portfolios after conversion to new contract terms and to the fact that benefits and reservations for mortalities were higher than in 2014.

Profit for the year was up € 257 million from € 299 million in 2014 to € 556 million in 2015 due to higher indirect investment income and incidental items, including an impairment of € 93 million (before tax) on value of business acquired (VOBA), in 2014.

Gross written premiums were up from € 1,543 million in 2014 to € 1,828 million in 2015. In the pension business, premium income rose by € 346 million from € 626 million in 2014 to € 972 million in 2015. This was mainly attributable to higher single premiums because of the buy-out of a pension fund, the sharp increase in *Werknemers Pensioen* and the acquisition of De Eendragt. Regular premiums written were down in the pension business, due in part to a lower cap on tax-facilitated pension accrual. The customer base of the IORP, in which a.s.r. has teamed up with Brand New Day, rose to over 1,500 employers (year-end 2014: 1,000 employers).
New business (APE) in 2015 was lower than in 2014, one of the reasons being a pension buy-out that was recognized within new business in 2014.

Premium income from the funeral insurance business was up € 20 million (i.e. 18%) due mainly to the acquisition of AXENT. The share of policies taken out online is still gaining ground. Of total new business, 45% of policies are now taken out online (2014: 39%).

In the Life segment the **technical provisions** increased by € 2.4 billion, climbing to € 26.1 billion.

Life – Movements in technical provision (own account) (in € millions)	2015	2014
At 1 January	**23,655**	**19,653**
Premiums	1,172	818
Insurance claims and benefits	-1,357	-1,330
Net inflow	**-185**	**-512**
Net interest income (including shadow accounting)	**-258**	**4,942**
Change in group composition (strategic acquisitions)	**3,168**	**-**
Other	**-320**	**-428**
At 31 December	**26,060**	**23,655**

The increase in insurance liabilities was mainly due to the acquisitions of De Eendragt and AXENT (€ 3.2 billion). In addition, gross written premiums increased as a result of the buy-out at year-end 2014 of a large pension contract, while insurance claims and benefits were virtually stable compared with last year.

Developments in interest rates and the related recognition of developments in the value of fixed-income investments in the technical provision through shadow accounting, affect the changes in net interest income. In 2014, the effect was major, as a result of decreasing interest rates and the resulting increase in the value of fixed-income investments and derivatives.

Operating expenses rose by € 27 million from € 178 million in 2014 to € 205 million in 2015, due in part to a higher cost base as a result of strategic acquisitions.

Since new production volumes in the life market are under pressure, a.s.r. is still pursuing its strategy of cost flexibility and structural cost reductions to allow costs to keep pace with the size of the portfolio. In the individual life business, for instance, the first migration of what will soon be an obsolete product system to a new platform was completed. The pension business has taken a first step towards outsourcing its business processes: in this context, 80 FTEs were transferred from a.s.r. to outsourcing partner Infosys on 1 April 2015.

Business segments

General
The Life segment comprises three product lines: (i) DB and DC products for employers, (ii) traditional and unit-linked life insurance for individuals, as well as (iii) funeral insurance which a.s.r. refers to as its pension, individual life and funeral product lines.

In 2014, a.s.r.'s Life GWP was € 1.5 billion, which made it the sixth largest participant in the Dutch market with slightly more than one third of the WGP of the largest participant.

The life insurance products offered by a.s.r. range from relatively simple insurance products such as term life to more complex and personalised insurance products such as pension products. Life insurance products can be characterised as either traditional policies or unit-linked policies. Traditional policies are those products that have benefits primarily based on a guaranteed interest rate, sometimes combined with profit-sharing to the extent that certain thresholds are met, and term life policies. Thus, under traditional policies, a.s.r. bears the investment risk. Under unit-linked policies, the investment risk is borne by the policyholder. Further, a.s.r. provides hybrid forms of unit-linked policies with a minimum investment return or minimum accumulation at maturity being guaranteed to the policyholder. As per 31 December 2015, the Life segment had € 38 billion of technical reserves.

The Life segment is active in the retail mortgage market. Mortgages are originated on behalf of a.s.r. Leven and are serviced by ASRH, which is part of the Banking and Asset Management segment. The Life segment offers mortgages to customers to diversify and optimise the asset mix of the segment and a.s.r. as a whole. A part of the mortgages originated by Life are consequently purchased by the Bank. The mortgage portfolio is therefore owned by the Life segment and Bank.

Pensions

General
a.s.r. was the sixth largest provider of pension insurance products in the Netherlands measured by GWP with a market share of 7.2% in 2014. a.s.r. offers pension insurance products under the brands a.s.r. and De Amersfoortse and has a IORP in a joint venture with Brand New Day. The current customer base of the business line Pensions comprises 20,000 companies and 460,000 participants.

The Dutch pension system consists of four pillars: (a) a mandatory state pension scheme (Pillar 1), (b) employer-based pension schemes (Pillar 2), (c) voluntary pension facilities with fiscal benefits (Pillar 3) and (d) voluntary pension facilities without fiscal benefits (Pillar 4). Within the Pensions product line, a.s.r. primarily offers DB (also referred to as 'traditional') and DC (also referred to as 'unit linked') products that qualify as Pillar 2. DB products, which provide guaranteed benefits, are mainly split between general account and separate account products and consist of contracts with single or recurring premiums. Some of these products contain the option of profit-sharing based on an investment return or technical profit.

Products
a.s.r.'s Pensions offering includes the following products:
- **Defined benefits:** a.s.r.'s DB Pension products are traditional 'capital-heavy' insurance products based on life-long guaranteed pension payments with recurring premiums with or without profit-sharing. These products also provide an option for additional single premiums for indexation and back services. DB products can be distinguished between general account and separate account products:
  - For general account products, the underlying assets are invested in a.s.r.'s general account and thus not attributable to a specific policyholder or liability. Within the general account, a.s.r. bears the investment risks related to assets backing the liability obligations; and
  - For separate account products, a.s.r. establishes and maintains a separate investment account to which funds are allocated in line with the relevant contract. a.s.r. bears the investment risks related to the assets backing the liability obligations. This investment account is thus separated from a.s.r.'s general account. The policyholder is entitled to the positive revenues of the separate account;

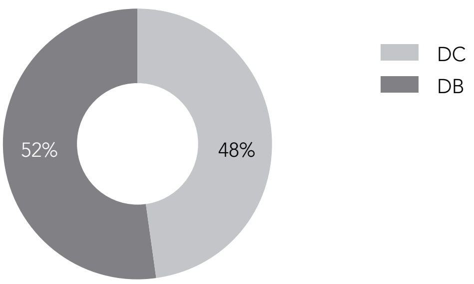
In addition, a.s.r. selectively offers pension funds the option of selling their DB pension liabilities to a.s.r., within pre-determined capital and return thresholds through customised contracts. This allows companies to remove pension liabilities from their balance sheets and decrease future balance sheet volatility. a.s.r. effectuated its first material buy-out of pension funds in 2014. The production of buy-outs amounted to € 377 million in 2014 and € 160 million in 2015, measured as single premiums. In order to facilitate these buy-outs a.s.r. often partners with other entities for the reinsurance of a part of a.s.r.'s pension portfolio;

- **Defined contributions:** a.s.r. provides pension products based on defined contribution with recurring premiums where benefits are based on investment returns on specified funds or are guaranteed pensions. DC schemes are characterised by a pre-defined contribution of employers, providing them with a high degree of certainty. With respect to products where benefits are based on investment returns, both market and insurance risks are borne by customers. DC products are 'capital-light', with a small percentage of a.s.r.'s total technical provisions being attributable to DC products as at 31 December 2015. A new DC product called *'Werknemers Pensioen'* was launched in 2013 via an external SaaS solution that utilises a standardised ICT system, where costs are based on a price per participant. In 2015, the GWP for *'Werknemers Pensioen'* was € 60 million (2014: € 16 million) and 1,569 customers were served (2014: 702), comprising 21,125 (2014: 8,268) participants;

  a.s.r. has a 50/50 joint venture IORP with Brand New Day Houdstermaatschappij N.V. in Brand New Day Premiepensioeninstelling N.V., which acts as a challenger in the established market. An IORP is a pension vehicle in the form of a separate legal entity that can operate a defined contribution pension scheme on a separate account basis during the pension accrual phase. When an employee reaches retirement age, the IORP transfers the accrued capital to a pension insurer at the employee's discretion to make the pension payments. Employers that wish to insure any additional risks (such as survivors' pensions) can do this through the IORP. However, since regulations prohibit the IORP from carrying these risks itself, these additional risks are insured by a.s.r. As part of the IORP joint venture with Brand New Day, a.s.r. is the sole insurer connected to Brand New Day involved in delivering additional risk cover as included in Brand New Day's proposition to the clients. In 2015, Brand New Day had GWP of € 108 million (2014: € 53 million) and 1,578 customers were served (2014: 1,004), comprising 38,715 participants (2014: 24,506). The GWP of Brand New Day is not included in a.s.r.'s Life segment.

a.s.r. also provides various insurance supplementary options as part of its insurance products, including bereavement benefits and disability protection.

The following chart shows a.s.r.'s pension product mix by GWP in 2015.



Total GWP 2015: € 602 million (€ 972 million) [1]

1 Figures in graph exclude € 370 million Chevron buy-out.

Distribution
Distribution of pension products to SMEs and other corporate clients under the De Amersfoortse and a.s.r. brands takes place only via advisors. a.s.r. utilises smaller local advisors, actuarial offices and larger national pension advisors.

Individual life

General
a.s.r. was the fourth largest provider of individual life insurance products in 2014 in the Netherlands measured by GWP with a market share of 10.5%. a.s.r. offers individual life insurance products under the a.s.r. brand.

Products
a.s.r.'s individual life product line primarily consists of an in-force book of Individual life portfolios. In 2005, a.s.r. made a decision to simplify its Individual life insurance product portfolio, and consolidate its sales and operations under the a.s.r. brand. The active product range of the individual life product line is limited and consists mainly of sales of its term-life product or sales of immediate annuities to customers whose traditional life savings products are maturing. Customers with expiring policies and customers who would like to switch prior to expiry are either offered an insurance product, including more transparent unit-linked products, or a bank saving product, suited to new customers. a.s.r. ended the active sale of unit-linked and universal life capital policies.

The policies provide savings from recurring or single premium payments. The value of capital is based on the value of the investments at the chosen end date, with the possibility of guaranteeing a minimum return under certain conditions. Unit-linked and universal life savings can be regular, mortgage-related or annuity-related.

a.s.r.'s active individual life insurance offering consists of the following products:

- Term life insurance
  a.s.r.'s most important category of individual life products is term life. Term life insurance offering consists of traditional life insurance policies that pay death benefits without a savings or investment feature. a.s.r.'s term life insurance products are mainly sold in combination with mortgage loans or investment accounts, and generally require recurring premium payments; and
- Immediate annuities
  a.s.r.'s immediate annuities are traditional life insurance products with guaranteed returns for the customer. Under an immediate annuity, the annuitant pays a single premium, in return for which a.s.r. agrees to make life-long annual payments to the annuitant immediately. a.s.r.'s immediate annuities are mainly sold to customers whose traditional life savings products are maturing.

In 2015, the active policies accounted for 100% of individual life's GWP. As at 31 December 2015, the active policies accounted for approximately 75% of the technical reserves of the individual life service book.

a.s.r.'s remaining in-force service book in the individual life insurance portfolio, in addition to the categories listed above, consists of the following products:

- Pension-related endowments
  a.s.r.'s savings pension-related life insurance products are traditional individual savings plans with a single premium payment and benefits based on a guaranteed interest rate and include non-guaranteed profit-sharing. These policies were sometimes sold as deferred annuities carrying certain tax advantages for policyholders. The annual payments received by the policyholder are generally subject to a tax levy;
- Mortgage-related endowments
  a.s.r.'s savings mortgage-related life insurance products are traditional individual savings plans with recurring or single premium payments and benefits based on a guaranteed interest rate and non-guaranteed profit-sharing. These

policies were sold in combination with mortgage loans;

- Traditional savings life insurance
  a.s.r.'s life insurance products are traditional individual savings plans with recurring or single premium payments and benefits based on a guaranteed interest rate and non-guaranteed profit-sharing. These policies were sold for a wide variety of savings purposes (for example, to finance college tuition or repayment of loans); and
- Unit-linked/universal life
  These policies provide savings from recurring or single premium payments. The value of capital is based on the value of the investments at the chosen end date, with the possibility of guaranteeing a minimum return under certain conditions. Unit-linked and universal life savings can be regular, mortgage-related or annuity-related. Unit-linked or universal life products are often referred to as the same products. Unit-linked refers to policies of which costs and other charges such as term life cover are deducted first and then invested. With Universal life premiums are invested directly and costs and other charges are deducted from investment (i.e. the proceeds). a.s.r. currently offers unit-linked policies solely to existing customers who would like to switch to a more transparent product.

In 2015, the remaining in-force policies accounted for 42% of individual life's GWP. As at 31 December 2015, the remaining in-force policies accounted for 37% of the technical reserves of the individual life service book.

Unit-linked/Universal life portfolio

Due to a shortfall of investment returns, unit-linked insurance policies have become less attractive which in 2006 triggered litigation and an industry-wide discussion regarding the transparency of product features. The criticism and scrutiny of unit-linked life insurance products led to the introduction of compensation schemes by Dutch insurance companies that had offered these products. On the basis of the compensation scheme, a.s.r. offered compensation to unit-linked policyholders whose individual unit-linked policies had a cost charge and/or risk premium charge in excess of an agreed maximum.

a.s.r. has responded proactively to its clients in addressing these issues. As from 2012 a.s.r. took additional measures which, amongst others, included:

a. Cost compensations;
b. Free advice to customers;
c. Improved product offerings (lower costs, abolition of penalty and switching fees); and
d. Continuous efforts to further improve the situation e.g. by lowering mix funds fees.

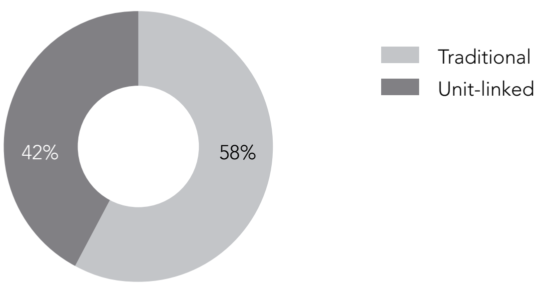
This approach was adopted by the Ministry of Finance as best-in-class and resulted in ten principles *(flankerend beleid)* which a.s.r. has fully implemented.

In July 2015, the Dutch Ministry of Finance published an Order in Council *(Algemene Maatregel van Bestuur)*, on the basis of which the guidelines regarding mobilising customers became legislation. This Order in Council requires insurers to inform and mobilise policyholders who have active individual unit-linked life insurance policies which were entered into prior to 1 January 2013.
In line with the Order in Council, a.s.r. and its intermediaries are continuing to actively approach individual unit-linked policyholders to inform them of the prospects of the relevant policy for its remaining term. a.s.r. also offers policyholders, amongst other things, the option to change their policy or to choose an alternative product if the unit-linked policy no longer fits their needs. Partially as a result of a.s.r.'s active efforts since 2010 to reach out to policyholders, the number of a.s.r.'s outstanding active unit-linked policies reduced from approximately 1.1 million at year-end 2008 to approximately 260,000 policies with recurring premiums at year-end 2015. The AFM has reported that the 'recovery advice' provided by a.s.r. to mobilise customers is of good quality.

a.s.r. mobilises customers by prioritising the most vulnerable groups. The interim results on customer mobilisation of all insurers, including a.s.r., were made public by the AFM on 28 October 2015 in a report *(Rapportage nazorg beleggingsverzekeringen)* (available at www.afm.nl/nl-nl/consumenten/nieuws/2015/okt/rapport-nazorg-beleggingsverzekeringen). This report includes the mobilisation targets for which a.s.r. is on track. As at 21 August 2015, a.s.r. had mobilised 100% of the most vulnerable group of policy holders (*niet opbouwende polissen*) and 83% of the policy holders with an individual unit-linked life insurance policy combined with a mortgage. At the end of 2017, all policy holders with an individual unit-linked life insurance policy must be mobilised.

In 2015, the remaining unit-linked portfolio accounted for 42% of Individual life's GWP. As at 31 December 2015, a.s.r. had 375.000 Individual life unit-linked policies that accounted 37% of the technical reserves of the Individual life service book. Approximately 31% of the in-force policies were taken out with a view to receiving an annuity at maturity, 35% for the purpose of funding a mortgage loan redemption, and 33% for purposes not known to a.s.r.

The chart below shows the split between unit-linked and traditional policies by GWP in 2015:



Distribution

For sales of individual life products, a.s.r. distribute new business via the intermediary channel (in 2014, it had the second largest market share of 26% in individual life products measured by GWP). At the same time, a.s.r. has experienced an increasing demand by customers for direct and online contact, which it strives to address via its own online channel and direct customer services, including advice on annuity insurance for customers of a.s.r. Term life policies are also sold through aggregator websites.

Funeral Insurance

General

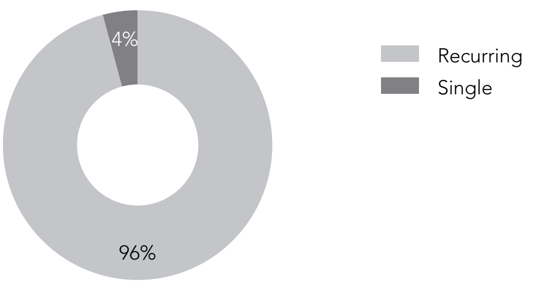
a.s.r. acquired (or agreed to acquire) three blocks of funeral business (de Facultatieve and AXENT were acquired in 2012 and 2015, respectively, and the insurance portfolio of NIVO was acquired in 2016) and anticipates being able to realise cost synergies from these acquisitions in the coming years. In addition, a.s.r. intends to shift remaining policies previously issued under the a.s.r. brand to the Ardanta book (the majority of the 3.5 million policies were transferred in 2011). a.s.r. is the only active major main stream insurance company in the funeral insurance business in the Netherlands and its primary competitors are funeral service providers.
a.s.r. offers funeral insurance products under the Ardanta brand and with the acquisition of AXENT and NIVO a.s.r. has two additional funeral brands. a.s.r. administered 6.3 million policies (including 2.2 million of policies of AXENT and excluding 0.3 million of policies of NIVO, with the transaction being approved by DNB in 2016) in 2015, 4.0 million policies in 2014 and 4.1 million policies in 2013.

Products

a.s.r.'s funeral policies are traditional life insurance products with guaranteed insured amounts to cover the cost of the insured funeral. The amounts insured are usually relatively low and there is life-long coverage. Within these policies, a.s.r. distinguishes between capital (monetary payment) and in-kind (provision of funeral services) products. a.s.r. does not provide funeral services itself but has contracts with funeral service providers who provide these services.

In 2015, the funeral unit accounted for 7.1% of the Life segment's GWP and 7.6% of the Life segment's new business (APE). In 2015, 96% of funeral GWP was attributable to recurring premium policies and 4% to single premium policies. As at 31 December 2015, a.s.r.'s funeral product line had € 4 billion of technical reserves and consisted of approximately 6 million policies.

The following chart shows a.s.r.'s funeral product mix by GWP in 2015 (€ 129 million).



Distribution

Ardanta mainly utilises the intermediary distribution channel. Due to changing customer preferences and a ban on commissions introduced in 2013, Ardanta accelerated the implementation of new distribution channels including the direct channel. The customer contact sales team advises new and existing customers by telephone, personal visits and Internet channels. This change in distribution strategy has resulted in an increase in direct sales by the front office and via the internet channel (2015: 26%, 2014: 18%, 2013: 2%), measured by APE and a decrease of new business from indirect sales via intermediaries (2015: 55%, 2014: 60%, 2013: 67%).

Strategy

a.s.r. aims to continue its track record of adapting to evolving market circumstances in the life market. a.s.r. believes that it has developed a well balanced portfolio, combining a profitable service book (individual life book and funeral insurance) with a modest Group life book. a.s.r. strives to benefit from a simplified, partially outsourced, scalable IT infrastructure that is designed to provide an efficient, low cost operating platform. a.s.r. aims to continue benefiting from its outsourcing efforts, which enabled a.s.r. to reduce operating expenses per policy and to build a sound and variable cost structure. By servicing customers effectively, a.s.r. believes that it is able to limit unnatural lapses and to maintain and optimise the predictability of its service book. a.s.r. aims to continue leveraging its cost advantage through selectively acquiring blocks of business, creating economies of scale which should result in lower administrative costs per policy and benefiting from excellent liability driven asset management skills.

Pensions

a.s.r.'s strategy for its existing DB book is focused on preserving its value, reducing capital requirements, enhancing cost coverage and lowering risks, including through reinsurance. a.s.r. aims to invest, within its financial targets, in larger blocks or buy-outs of DB business that meet one of two strategic objectives: cost coverage or potential DC transfer. Furthermore, a.s.r. is adapting to the changing pension market by developing the capacity to distribute new 'capital-light' pension products. a.s.r. has already started the distribution of IORP pension products through a joint venture (Brand New Day), introduced new Defined Contribution products *(Werknemers Pensioen).*

Preserve value and enhance cost coverage in existing defined benefits book
a.s.r. has an explicit focus on the preservation of value in its existing DB pension book.

a.s.r. believes that cost control is crucial to managing its existing DB portfolio. a.s.r. is the first and only Dutch pension insurer to outsource the back-office functions of its existing portfolio, enabling cost reduction and increasing the amount of variable costs relative to fixed costs. a.s.r. aims to increase the client service level in the existing book in order to protect brand value. This increase in service level is included in the BPO contract with Infosys, covering explicitly timelines, quality and completeness of client services and communication to participants. This will also be facilitated via digital communication. The migration of six legacy back-office administrative functions occurred at the end of 2015. The migration of two additional systems might enable further reduction of the cost base, i.e. the migration and decommissioning of the existing book and legacy ICT systems of De Amersfoortse and the existing book and legacy ICT systems of the in 2015 acquired De Eendragt.

a.s.r. looks to cover its costs through retention, entering into selective new businesses and acquisitions (e.g. De Eendragt) and the pursuit of pension fund buyouts (e.g. Chevron) in order to reduce the cost per policy. Retention, acquisitions and buy-outs are planned only to occur if ROE targets are projected to be met. The achievement of these targets is managed and monitored by a multidisciplinary team (Pensions, Risk Management and Financial Markets).

Gain market share in capital light pension solutions
In the pension market there is a shift towards capital light products. a.s.r. believes that it is well positioned to gain market share in this segment with APF, DC and IORP propositions, through high service delivery, cost effectiveness and execution power, while meeting its pricing policy. The IT back-office system for capital light pension products consists of SaaS solutions and is low cost. It primarily consists of variable costs. Because of the low costs, a.s.r. believes that it can offer attractive prices to the market, benefitting from a strong solvency position and socially responsible investment policy. Furthermore, a.s.r. believes that for each of its capital light pension products, a.s.r. offers a high level of services, including, in certain cases, self-service and dedicated mid-office teams. The APF market was introduced in 2016 and a.s.r. intends to offer products to it within the overall context of their capital light product focus.

Individual life

The strategy of individual life is based on maximum retention of the current value of the Individual life book. In order to achieve this, a.s.r. has two primary strategic initiatives:

Optimise customer satisfaction
To maximise the value of the individual life book, a.s.r.'s strategy is to maximise customer satisfaction. a.s.r. believes that maintaining customer satisfaction is crucial to efficiently manage how customers behave when their existing policy expires, which can extend profitable cash flows. In order to maximise the provision of personalised service, a.s.r. intends to increase the services it offers to its customers. When an individual life policy expires, in collaboration with a.s.r. Bank, a.s.r. continues to offer solutions suited to individual customer needs, whether through a life insurance product or a bank saving product (either tax incentivised or basic internet savings). Of the expiring individual life policies, the retention ratio of customers towards a bank or individual life product was 29% in 2015. Focusing on customer satisfaction, a.s.r. also continues to strive to make its services more accessible and easier to use for its customers. In particular, a.s.r. launched an innovative online platform in 2015, which is designed to deliver more services directly to its customers.

Lower its cost base and shift towards a higher percentage of variable costs
In order to preserve the value of the individual life in force portfolio, a.s.r. aims to simplify its organisation and shift its cost base from fixed costs towards variable costs. In 2011, 3.5 million funeral insurance policies were migrated to Ardanta, focusing the Individual life organisation on more complex products.
In order to lower costs and shift the overall cost mix in the individual life book, a.s.r. has developed two strategies. In 2013, a portion of the back office and IT operations associated with the individual life portfolio was outsourced. In 2015, the first of 7 individual books of business within the individual life portfolio was simplified and migrated to a SaaS platform. a.s.r. intends to maintain this strategy, analysing books on an individual basis to find the most appropriate and value enhancing solution while minimising operational costs and complexity.

Funeral

a.s.r., including AXENT and NIVO, has a leading position in this niche market. a.s.r. is the largest composite funeral insurer with a hybrid servicing model, the number two in terms of GWP in the funeral market and number one in terms of 'number of policies'. The strategy of a.s.r.'s funeral insurance is to focus on optimisation of the value of the existing book and the acquisition of blocks of business. The funeral portfolio is a book with 100% mortality risk which naturally hedges the longevity risk of pensions to a significant extent and that hedge is expected to increase over time due to interest accrual within the funeral book. In order to maximise the value of the funeral book, a.s.r. has three primary areas of focus.

Maintain its strong distribution network and focus on customer satisfaction
a.s.r. offers funeral insurance through both the direct and intermediary channels. These channels are supported by a dedicated sales force that services all distribution channels by visits, telephone and the internet. Under the Ardanta brand a.s.r. has launched an innovative online platform to help customers. Due to the large scale of the existing book, retention of existing customers is very important. a.s.r. believes that improving service levels increases customer satisfaction and the duration of cash flows.

Cost effectiveness
In order to maximise the value of the portfolio, minimising the cost base is crucial. a.s.r.'s strategy is to maintain a lean funeral organization, located in Enschede, and a low cost IT system which services already over four million policies. a.s.r. believes that the cost per policy of the a.s.r.'s funeral business is one of the lowest in the market. a.s.r.'s plans to continue to focus on maintaining the low cost base of the funeral portfolio, while maintaining its good customer service. In the coming years, a.s.r. intends to migrate AXENT and NIVO to this low cost platform in order to achieve anticipated cost synergies.

Unlocking the value of acquired books
a.s.r. believes that it has a strong track record of successfully acquiring and integrating blocks of business. In the past, a.s.r. has integrated different funeral portfolios into its own operations and IT system. a.s.r. acquired three large blocks of funeral business (de Facultatieve, AXENT and NIVO). One of these is already fully integrated with a.s.r.'s low-cost operational systems that include a high percentage of variable costs. a.s.r. believes that capital synergies have already been unlocked and the asset portfolio has been re-risked based on a.s.r.'s strong capital base and risk management framework. By adding blocks of business, a.s.r. believes that it will be able to realise substantial cost synergies through leveraging its already low cost base and obtaining capital synergies through the natural hedge of mortality risks versus longevity risks and leveraging its skill in managing liability driven investments.

Non-insurance business

2.2.4 Banking and Asset Management segment [4]

Key figures, Banking and Asset Management (in € millions)	2015	2014 (restated)
Total income	126	122
Operating expenses	-48	-46
Provision for restructuring expenses	-1	-1
Operating result	**12**	**7**
Incidental items (not included in operating result)	**-2**	**-1**
- Investment income	-1	-
- Underwriting incidentals	-	-
- Other incidentals	-1	-1
Profit/(loss) before tax	10	6
Income tax expense	-2	-2
Profit/(loss) for the period attributable to holders of equity instruments	**8**	**4**

Profile
The Banking and Asset Management segment consists of all the banking activities and the activities related to asset management including investment property management. These activities are carried out by ASR Bank N.V., ASR Vastgoed Vermogensbeheer B.V., ASR Nederland Beleggingsbeheer N.V. and ASR Hypotheken B.V. ('ASRH')

Dutch investment management industry

The Dutch investment management market comprises more than € 1,300 billion AuM as of 2014. These assets are mainly managed by three types of parties: (a) in-house asset managers of sector pension funds, (b) foreign and domestic asset managers, and (c) insurers. In general, the business model in the Dutch investment management market is shifting from distribution of investment products towards the actual management of assets.

Products
Discretionary mandates represented approximately 85% (approximately € 400 billion of AuM) of the Dutch investment management industry at 31 December 2013, while investment funds represented 15% (approximately € 70 billion of AuM).

Next to discretionary mandates and investment funds, intermediary and fiduciary services for institutional customers are a third product category within the Dutch investment management market. Fiduciary management is an approach to investment management that involves an asset owner, such as a pension fund, appointing a third party to manage its assets on an integral basis.

Distribution
The customer categories of the Dutch market serviced by the investment management industry consist of institutional investors and retail customers. For investment funds, customers also include institutional investors and retail customers. Institutional investors include insurance companies, pension funds, banks and others. Dutch pension funds are among the largest pension funds in the world, investing worldwide and applying a wide range of modern investment techniques. Retail banking is the dominant distribution channel for investment funds, representing around 80% of Dutch fund assets. The other 20% is distributed amongst insurance companies, private banks and brokers.

Trends
The key trends in the investment management industry are generally global:
- **Institutionalisation of the customer base**
  In the European investment management industry, the market share of institutional customers on investment managers' books increased from 69% in 2007 to 74% in 2014. Since the financial crisis, there has been a gradual decrease in investment managers securing business directly from retail customers. This development reflects a growing tendency towards the institutionalisation of the customer base of the investment management industry. Retail customers have continued to make use of insurance companies and pension funds to fund their retirement long-term savings needs, whilst reducing their direct exposure to investment risks. Simultaneously, insurance companies and pension funds have increasingly used the expertise of the investment management industry to manage the assets entrusted to them.

4 The Banking and Asset Management segment comprises ASR Bank N.V., ASR Vastgoedvermogensbeheer B.V., ASR Nederlands Beleggingsbeheer N.V. and ASR Hypotheken B.V.

- **Increased market share of cross-border funds**
  The UCITS Directive has allowed investment managers to operate more internationally and has facilitated the cross-border exchange of investment management products. For investment managers, it is efficient to distribute funds domiciled in one country across the border to other distribution countries. Increasingly, the UCITS Directive passport has not just been seen as a European fund passport, but also as a global one. UCITS are recognised and distributed outside of the EEA in Asia, Latin America, Central and Eastern Europe and the Middle East. As a consequence of the growth of guided and open-architecture fund distribution, and supported by regulation, the market share of funds offered on a cross-border basis has increased at the expense of funds domiciled locally. Fund managers manage funds that are domiciled in another country for efficiency reasons. The combined market share of the two largest cross-border domiciles for fund distribution (Luxembourg and Ireland) has increased from 28.3% in 2004 to 40.8% as of June 2013.
- **New regulations offer new business opportunities**
  While investment management companies must on the one hand adjust to comply with the new regulations, in some cases new regulations also offer new opportunities for investment managers. For example, in the past, banks were the main source of long-term financing and the facilitation of loans. The withdrawal of banks from certain areas of capital markets is creating opportunities for asset managers to fill the gaps as other investors, such as pension funds and insurance companies, are showing interest in providing such loans and can use asset managers to manage such portfolios. The EC intends to facilitate this transition with new regulations regarding European long-term investment funds. Moreover, the new regulation for European insurers, Solvency II, represents an opportunity for asset managers with in-depth Solvency II knowledge to fulfil such customer needs through new intermediary products and services. From an insurance company point of view, asset management activities provide a capital light source of revenue.
- **Passive management increases market share**
  Passive management (through a combination of index funds and exchange traded funds) has become more popular with institutional and retail investors. Passive management accounted for 12% of the European fund market in December 2014 (compared with 5% in June 2008). In addition, the number of 'enhanced' or near-index strategies has increased substantially.
- **Corporate Social Responsibility (CSR)**
  Integrating CSR in the investment process is increasing in popularity, as customers of asset managers (pension funds, insurers and banks) and consumers demand ethical and transparent investment policies from asset managers.

Dutch Banking Industry

Measured by the share of total assets of the five largest banks, the Netherlands has the fifth highest banking sector concentration in the Eurozone. The sector is dominated by ABN AMRO, ING and Rabobank which hold a joint market share of over 75%.

Dutch Retail Savings Market

The Dutch retail savings market was € 340 billion as at 30 November 2015. In 2014, the Netherlands had the third highest savings rate compared to disposable income in Europe, after Germany and Sweden and Dutch residents increased their savings amount with € 4 billion in 2014. There are two types of savings accounts: (i) with agreed maturity and (ii) redeemable at notice. The savings redeemable at notice is the largest group of savings (around 85% of market in November 2015).

Bank saving products with tax advantages, also referred to as bank annuities *(banksparen)*, were introduced in the Netherlands in 2008. Bank annuities are primarily used for mortgage- and pension-related savings. Until 2008, tax-advantaged saving was only possible through an insurance policy. Since the adoption of new legislation in 2008, bank annuities have the same fiscal benefits as insured savings products but do not have a life insurance component. Each year there are approximately € 20 billion of 'free' assets available of which € 2-4 billion will be used to purchase annuity / bank savings product. The net growth of bank savings is estimated at around € 1 billion annually.

Dutch Residential Mortgage Market

Outstanding mortgage loans as a percentage of GDP in the Netherlands was 95% in 2014, making the Netherlands a country with one of the highest mortgage debt to income ratios. Traditionally, the Dutch residential mortgage market consists of different types of mortgage loans, including annuity mortgage loans, linear mortgage loans, (bank) savings mortgage loans, investment mortgage loans and interest-only mortgage loans.

To improve stability in the Dutch residential mortgage market and to decrease the private household debts, the Dutch government decided that as of 1 January 2013, interest on new mortgage loans is only tax deductible provided the loan's principal is fully repaid within 30 years, by way of annuities or linear repayment.

The Homeownership Guarantee Fund *(Stichting Waarborgfonds Eigen Woning,* 'WEW') acts as a guarantor of mortgages under certain conditions through the provision of an NHG guarantee. Around half of new mortgage loans were government guaranteed in 2014.

Trends

- **Introduction of legislation to temper interest-only and high loan to value ('LTV') mortgage lending**
  In January 2013, measures were implemented to discourage interest-only and high LTV mortgage lending in order to improve stability in the Dutch housing market, to reduce private household debts, and to reduce the government budget deficit. These measures included that new mortgage loans must be repaid on an annuity or linear basis within 30 years to qualify for tax deductibility on mortgage interest and that the maximum LTV ratio for new mortgage loans was

set at 105% in 2013 and will be reduced annually until 100% in 2018.

- Standardisation of products and services
  Financial and market regulators and financial institutions are increasingly focusing their attention to customer suitability when offering new financial products to individuals. Triggered by several cases whereby customers were unaware of the down-side risks associated with a product, there is now an increasing trend towards more easy-to-understand and less tailored products. This standardisation of products will also allow easier straight through processing. Developments in mortgages, savings and investment products are increasingly technology-driven.
- Online channel
  Increasing demand by customers for direct and online contact, which is being addressed via the online channel and direct customer services.
- Low interest rates
  Interest rates on existing variable mortgages and on new mortgage applications have dropped significantly during the financial crisis, as a result of the ECB actions to lower interest rates. Average variable rates dropped from more than 5% in 2008 to below 3% from 2012 onward, while the interest rates on fixed mortgages have decreased as well. It is expected that interest rates remain low as long as ECB rates remain at the current levels.

Financial performance Banking and Asset Management

In the Banking and Asset Management business, **profit before tax** amounted to € 10 million, a € 4 million increase on 2014. This was mostly attributable to a higher net interest margin and higher fee income, which was partially offset by higher operating expenses.

a.s.r. Bank posted growth in savings deposits despite the low rate of interest on savings. The portfolio rose by 14% in 2015, reaching € 1,174 million (2014: € 1,032 million) mostly attributable to deposits into the *Lijfrente Spaarrekening annuity* savings account. New business of *WelThuis Hypotheek* mortgages rose by € 302 million in 2015, reaching € 1,335 million (2014: € 1,033 million).

a.s.r. Vastgoed Vermogensbeheer, the real estate investment management business, again welcomed external investors in 2015, allowing a.s.r. to further reduce its participations in the various property funds. There were six placements in the ASR Dutch Core Residential Fund in 2015, as well as two placements in the ASR Dutch Prime Retail Fund. As a result, a.s.r.'s participation in the two funds has fallen to approximately 80% and 40% respectively.
Measured as a percentage of total gross rent, the vacancy rate in the ASR Dutch Core Residential Fund was 2.5% at year-end 2015 (year-end 2014: 4.3%). The vacancy rate in the ASR Dutch Prime Retail Fund was 2.5% at year-end 2015 (year-end 2014: 4.4%).

ASR Nederland Beleggingsbeheer N.V., the asset management business, which manages investment funds for customers of a.s.r. Life and a.s.r. Bank, for instance, has more than € 6 billion worth of assets under management.
Werknemers Pensioen, a pension product offered by De Amersfoortse, was accountable for some of the new inflow. ASR Beleggingsfondsen (investment funds) outperformed their respective benchmarks in each asset category and the performance of ASR Mixfondsen (mixed funds) was stable. Assets under management by the Luxembourg-based ASR Fonds Sicav saw a slight increase. The acquisition of asset manager BNG Vermogensbeheer, which was announced early in 2016, will allow a.s.r. to strengthen its position as a professional third-party asset manager.

Banking

General

a.s.r. Bank offers savings to, and services investment products for, retail customers. It does not have branches and primarily focusses its sales activities on selling tax-driven savings products *(banksparen)*. a.s.r. Bank offers its products primarily through the intermediary channel. In order to generate yield to pay interest on the savings products, a.s.r. Bank primarily invests its assets in mortgages originated by the Life segment. a.s.r. Bank neither originates mortgages itself, nor purchases mortgages from third parties. a.s.r. Bank has a bank licence and is subject to DNB supervision.

Products

The main categories of products offered by a.s.r. Bank include the following:

- Immediate annuities
  a.s.r. Bank's immediate annuities are fiscal savings products in which a lump sum is invested in order to provide the customer with fixed payments per month, quarter, half-year or year. The lump sum is the result of a pension savings scheme that grants tax deduction, provided that the savings are paid into a fund that can only be withdrawn as an annuity. The payments that the customer receives are taxed against progressive Dutch personal income tax rates with a maximum of 52%;
- Deferred annuities
  a.s.r. Bank's deferred annuities are fiscal savings products for pension savings schemes. The Dutch government grants tax deduction for the savings, provided that savings are ultimately paid into a fund which can only be withdrawn as an annuity. Tax deduction in the Netherlands is only allowed if, without additional savings, the pension income would be less than 70% of the current income;
- Savings products
  a.s.r. Bank offers savings accounts with a variable interest rate, and term deposits with a term of one to ten years and a fixed interest rate; and
- Retail investments
  a.s.r. Bank conducts, on an execution-only basis, orders for the purchase and sale of investments of different asset managers. These are primarily linked to mortgages.

Distribution
For sales of bank products, a.s.r. distributes new business via the intermediary and direct channels. a.s.r. Bank strives to address the increasing demand for online service via its own online channel and direct customer services.

Mortgage Loan Services

Products
a.s.r. is active in the retail mortgage market. Mortgage loans are issued by a.s.r. Leven, which is a part of the Life segment. A part of mortgages originated by a.s.r. Leven are subsequently purchased by a.s.r. Bank. The mortgage portfolio is therefore owned by the Life segment and Bank. Mortgages are distributed only via the intermediary channel. ASRH provides mortgage loan services such as acceptance, credit analysis and arears management in respect of a.s.r.'s residential mortgage portfolio, which includes annuity mortgages, linear mortgages, interest-only mortgages and bank annuity mortgages. All other operations with respect to the mortgage portfolio are conducted by Dutch mortgage service provider Stater N.V. (part of ABN AMRO Group N.V.) on the basis of a contract entered into between Stater N.V. and a.s.r. Leven.

Asset Management

a.s.r.'s asset management business comprises two organisational units: a.s.r. Group Asset Management ('a.s.r. GAM') and a.s.r. Real Estate Investment Management ('a.s.r. REIM').

a.s.r. GAM
a.s.r. GAM provides a full range of asset management services for a.s.r. In addition, a.s.r. GAM is responsible for managing investment funds for the account of a.s.r.'s policyholders as well as for a number of separate accounts for a.s.r.'s pension customers.

a.s.r. GAM offers a number of investment management services, which comprises the following categories:
- **Fiduciary asset management services**
  These include strategic and tactical advice, portfolio construction, manager selection and monitoring, risk management and reporting to a.s.r. entities. In the near future, a.s.r. GAM plans to offer these products to Dutch institutional investors including APF's. As at 31 December 2015, this category accounted for € 25 billion of AuM;
- **Balanced mandates**
  These products are managed for e.g. reinsured pensions contracts, offering a diversified portfolio and taking into account the relevant investment restrictions. As at 31 December 2015 this category accounted for € 3 billion of AuM;
- **Institutional mandates in specific asset classes**
  This includes tailor-made solutions to specific investors (e.g. local governments, agencies and wealth funds) through the acquisition of the entity BNG Vermogensbeheer (announced in January 2016) as well as institutional mandates for a select number of asset classes, such as Dutch and European equities, Euro fixed income (government and credit) and overlay strategies. At the start of 2016, this category accounted for € 5 billion of AuM; and
- **Mutual funds for retail clients**
  a.s.r. GAM is managing a number of mutual funds that offer clients either a tailored solution (via balanced funds) or exposure to a specific asset class. As at 31 December 2015, this category accounted for € 7 billion of AuM.

As at 31 December 2015, a.s.r. GAM managed € 25 billion of AuM for a.s.r. and € 10 billion of AuM for third parties, which excludes the € 5 billion of AuM for BNG managed for third parties.

With the recent announcement of the acquisition of BNG Vermogensbeheer in January 2016, a.s.r. GAM further expanded its customer portfolio and increased its AuM. BNG Vermogensbeheer is a leading asset manager previously focused on the public sector but has been moving to the private sector, with a client portfolio valued at nearly € 5 billion. BNG Vermogensbeheer has a diverse customer portfolio primarily comprising lower-tier authorities, health care and educational institutions, universities, network companies, housing associations, charitable trusts and capital funds, industrial pension funds and medical insurers. a.s.r. believes that the acquisition of BNG Vermogensbeheer takes it a step closer to its goal of becoming a key provider of asset management services in the Dutch market.

a.s.r. REIM
a.s.r. has over 125 years of history of investing in real estate in the Netherlands and is the largest private land owner in the country. a.s.r. has a diversied real estate portfolio consisting of rural, retail, residential and office investments in the Netherlands. a.s.r. REIM clients comprise a.s.r., insurance companies, pension funds and retail clients, for which it invests in commercial properties (both offices and retail), residential properties, land positions and real estate equities. Clients invest via the following funds: ASR Property Fund N.V., ASR Dutch Prime Retail Fund and ASR Dutch Core Residential Fund. ASR Property Fund N.V. mainly invests on behalf of unit-linked policy holders of a.s.r., whereas the other two funds are open to third parties. Since 2011, more than ten international institutional investors invested in the two newly created real estate investment funds managed by a.s.r., with 19% and 60% of AuM in ASR Dutch Core Residential Fund and ASR Dutch Prime Retail Fund, respectively, held for third parties. In addition, a.s.r. REIM also manages a real estate portfolio for the account of a.s.r.'s insurance operations.

As at 31 December 2015, a.s.r. REIM managed € 4,215 million of AuM in commercial (both offices and retail), residential properties, land positions and real estate equities under management. As at 31 December 2015, a.s.r. REIM managed € 2,896 million of AuM held for a.s.r.'s own account.

The total AuM managed by a.s.r. REIM amounted to € 4.0 billion as at 31 December 2014 and € 3.8 billion as at 31 December 2013, whereof € 3.0 billion and € 2.8 billion, respectively, were managed for own account, and € 1.0 billion and € 1.0 billion, respectively, for third parties.

a.s.r. holds the largest private land portfolio in the Netherlands comprising 33,500 hectares. In total ASR Property Fund had € 0.5 billion of AuM (of which 69% was managed for third parties), ASR Dutch Prime Retail Fund had € 1.4 billion of AuM (of which 60% was managed for third parties) and ASR Dutch Core Residential Fund € 0.8 billion of AuM as at 31 December 2015 (of which 19% was managed for third parties). a.s.r. REIM accounted for 58.3% of operating results (before tax) in the Banking and Asset Management segment in 2015.

Strategy

The Bank supports the overall strategy of a.s.r. a.s.r.'s goal is to modestly grow the Bank in a controlled manner. a.s.r. strives to align its banking operations with the individual life and asset management business lines in order to be able to offer a comprehensive set of financial products to customes (in a market that is shifting away form individual wealth accumulation and annuities), focusing on customers with expering life policies and offering them savings and investment products. Of the expiring individual life policies, the retention ratio of customers towards a bank or individual life product was 29% in 2015. a.s.r.'s banking products are distributed through intermediaries and directly. The products offered are bank annuities (long term fiscal saving and investment products), deferred annuities (fiscal savings product), savings accounts (e.g. variable interest, term deposits) and retail investments.

a.s.r. offers mortgages to customers to diversify and optimise the asset mix of a.s.r. a.s.r. plans to continue its strategy of originating a substantial amount of mortgages every year in order to align its assets with the long term liabilities of some of its insurance operations. a.s.r. also aims to create a mortgage fund for external investors, complementing its asset management offering. Furthermore, since settling a mortgage is a life event for a customer, a.s.r. aims to stay active within this market to further improve its brand recognition and potentially capitalise on cross-selling opportunities.

While a.s.r.'s asset management activities have historically been exclusively to service the assets of the insurance segments, a.s.r. aims to enhance its asset management capabilities and grow third party assets under management, leveraging the track record of a.s.r.'s real estate asset management activities in managing assets for third parties. The recently agreed acquisition of the niche asset manager BNG Vermogensbeheer contributes to that objective. a.s.r. also aims to expand its fiduciary asset management by leveraging its existing investment skills and platforms.

a.s.r.'s asset management platform has shown a strong performance in a number of asset classes which it currently manages in-house, including euro fixed income, Dutch and euro equities and Dutch real estate, though it does selectively use third party asset managers for other asset classes (for example emerging market debt, emerging market equities and US equities). a.s.r. strives to ensure that all investments products and services, whether managed internally or externally, continue to comply with a.s.r.'s strict sustainable and socially responsible investment policy.

2.2.5 Distribution and Services segment[5]

Key figures, Distribution and Services (in € millions)	2015	2014 (restated)
Total income	26	8
Operating expenses	-22	-6
Provision for restructuring expenses	-	-
Operating result	**3**	**2**
Incidental items (not included in operating result)	**1**	**-1**
- Investment income	1	-1
- Underwriting incidentals	-	-
- Other incidentals	-	-
Profit/(loss) before taxes	4	1
Income tax expense	-1	-
Profit/(loss) for the period from discontinued operations	-7	1
Profit/(loss) for the period attributable to holders of equity instruments	**-4**	**2**

5 The Distribution and Services segment comprises the operations involving the distribution of insurance products, including the activities of financial services provider PoliService B.V., Het Assuradeuren Huys, Van Kampen Groep Holding B.V. (from 22 January 2015), Dutch ID B.V. (from 19 November 2015) and B.V. Nederlandse Hulpverleningsorganisatie SOS International (sale announced in Q1 2016).

Profile

The Distribution and Services segment includes the activities related to distribution of insurance contracts and intermediary services and is carried out by PoliService B.V., VKG and Boval.

In 2015 a.s.r. committed to a sale process for the disposal of SOS International which was completed on 25 January 2016. The business of SOS International primarily relates to providing 24/7 worldwide travel assistance. At 31 December 2015, SOS International was classified as discontinued operations.

The acquisitions of VKG and Dutch ID have strengthened a.s.r.'s position in the intermediary distribution chain. Profit before tax rose from € 1 million in 2014 to € 4 million in 2015. The strategic acquisitions of VKG and Dutch ID were the primary reason for the increase in operating expenses, total income and the operating result. Total income consists mostly of service fees. Both VKG and Dutch ID are intermediary service providers.

As part of a drive to focus more on core activities, SOS International was classified as 'discontinued operations' in 2015. As a result, gains and losses from SOS International have not been included in the operating result. These activities were sold in January 2016.

VKG

VKG is a full service provider and a mandated broker to a number of Dutch insurance companies, including a.s.r.'s P&C insurance business. As at 31 December 2015, VKG acted as service provider and as a mandated broker for 28 financial institutions and distributes products from 76 insurers, banks and other credit institutions through VKG's relationships with intermediaries. VKG also offers access to the insurance exchange *(de beurs)* and mortgages. Based on these associations, VKG provides administration and consulting services to advisors in respect of their commercial and back-office operations. As at 31 December 2015, VKG had agreements with approximately 3,000 advisors in the Netherlands, approximately 10% of which have fully outsourced their administrative functions to VKG.

Boval

Boval is an advisor, service provider and mandated broker to a.s.r.'s P&C and disability insurance businesses, as well as to other insurance companies operating in the Dutch non-life insurance market.

As at 31 December 2015, Boval acted as an advisor for 14 insurance companies and provided mandated broker services for certain of their products and business lines. Based on these associations, Boval provides administration services as a service provider to advisors in respect of their commercial and back-office operations. Furthermore, Boval offers consulting and other services such as claims management, risk management, prevention, reintegration and leasing. Boval focusses primarily on the agricultural, transport, overhaul and civil construction sectors. Boval has ties with business associations of the agricultural (LTO) and transport (EVO) sectors. In 2014, Boval distributed € 84 million of insurance premiums, primarily to SMEs.

PoliService

Poliservice B.V. ('PoliService') is an intermediary for a.s.r. and its business includes selling different types of insurance, giving mortgage and pension advice directly to its customers and managing portfolios of intermediaries that ceased to operate. PoliService is a pioneer in the field of digital advice through video chat and website solutions for a more efficient customer experience, instead of conventional face-to-face advice. It acts as a tied agent and is also an intermediary for insurance products for a.s.r.'s own employees. It services more than 150,000 unique relations and is strategically aligned with a.s.r.

Het AssuradeurenHuys B.V. is a back-office service provider for agents and intermediaries, which is expected to be integrated in VKG in the second half of 2016.

Strategy

a.s.r. operates several businesses in this segment.The main businesses are VKG and Boval. VKG's stand-alone strategy is aimed at being a full service provider for more than 3,000 connected intermediaries. 217 intermediaries do all of their business with VKG and over 390 intermediaries use the VKG service provider platform as their primary insurance application. As a full service provider, VKG gives connected intermediaries access to a wide array of insurance products.

Boval is a service provider and mandated broker specialising in the disability market. Boval's focus has been on the agricultural and transport sectors, striving to offer customers income protection with a full service concept supporting its proposition (including occupational health services, reintegration services and financing/leasing). Boval's strategy is to further develop its service provider proposition in respect of the disability insurance market.

a.s.r. believes that VKG and Boval will benefit from their inclusion in a.s.r. as this will allow them to develop their business with the support of a.s.r. (e.g. for product offerings and/or innovation possibilities).

The acquisitions of the service providers VKG and Boval are consistent with a.s.r.'s strategy of seeking to enhance and strengthen its relationships with intermediaries. These acquisitions offer forward integration in the insurance chain and therefore better insights into client needs, which a.s.r. believes will enable it to adjust its product portfolio and/or distribution mix and therefore better align with customer needs. a.s.r. also believes that these acquisitions provide learning and innovation opportunities, as a.s.r. now has the ability to develop and test new product ideas with direct input from the distribution and customer sides. a.s.r. believes that implementing innovations and new products and bringing them to the market is much faster with these entities through their more flexible organisations and systems. a.s.r. expects that this will offer it the opportunity to innovate quickly and implement its learning in the rest of a.s.r.

2.2.6 Segment Holding and Other[6]

Profile

The segment Holding and Other consists primarily of the holding activities of the Company (including the Group related activities), other holding and intermediate holding companies and the activities of ASR Deelnemingen N.V. This segment includes a pension contract with a.s.r. Leven on behalf of a.s.r. for a.s.r.'s employees.

Key figures, Holding and Other (in € millions)	2015	2014 (restated)
Operating expenses	-112	-96
- of which associated with ordinary activities	-81	-62
Provision for restructuring expenses	-	-
Operating result	-93	-102
Incidental items (not included in operating result)	**26**	**62**
- Investment income	19	36
- Underwriting incidentals	-	-
- Other incidentals	7	26
Profit/(loss) before taxes	-67	-40
Income tax expense	52	13
Profit/(loss) for the period attributable to holders of equity instruments	**-15**	**-27**

The loss before tax rose by € 27 million, from € -40 million in 2014 to € -67 million in 2015 due to lower realized capital gains and incidental items chiefly relating to a.s.r.'s own pension scheme and an increase in the operating result.

2.2.7 Real Estate Development segment[7]

Since a.s.r. no longer classifies real estate development as one of its core activities, gains and losses from this business are no longer included in operating result. At year-end 2015, the real estate development business was divided into 'discontinued operations' and 'continuing operations'. Discontinued operations are held for sale. Gains and losses from discontinued operations are disclosed in the income statement in condensed form; they are not included in gains and loss before tax from continuing operations.

Key figures, Real Estate Development (in € millions)	2015	2014 (restated)
Profit/(loss) for the period from continuing operations	-91	-9
Profit/(loss) for the period from discontinued operations	-19	-6
Profit/(loss) attributable to non-controlling interests	-3	2
Profit/(loss) for the period attributable to holders of equity instruments	**-113**	**-13**

6 This segment comprises the holding activities of ASR Nederland N.V. and the activities of ASR Deelnemingen N.V. Certain holding-related expenses are recognized in this segment too.

7 This segment comprises all real estate development activities undertaken by ASR Vastgoed Ontwikkeling N.V. Since a.s.r. no longer considers real estate development as a core activity, it was decided to find a strategic buyer for this segment. Most of the real estate development is now classified as 'held for sale' and the operations are accordingly recognized as discontinued operations in the income statement. Having been classified as discontinued operations, gains and losses from the real estate development business are disclosed in condensed form in the income statement. They are no longer included in gains and losses before tax from continuing operations.

a.s.r. announced in the first half of 2015 that it planned to sell or discontinue its real estate development business. As a result, the assets of this business are measured at their recoverable amount. This has resulted in the recognition of impairments of these assets.

Profile

The Real Estate Development segment (other than the discontinued operations) consists primarily of a.s.r.'s Leidsche Rijn Centrum project (including commitments and guarantees in respect thereof) and the Centrum Plan Waddinxveen project.

Real Estate Development

Historically, the real estate development business of a.s.r. was expanded when it was part of Fortis and consisted of large and complex real estate (re-)development projects in urban areas in the Netherlands. a.s.r. experienced significant losses in this business in 2012 and 2013 primarily as a result of the conditions in the Dutch property development market. In 2014 and 2015, a.s.r. scaled down its exposure to the real estate development portfolio, terminated a number of development projects, with a view to limiting additional write-offs and provisions, and reclassified part of its real estate development activities as discontinued operations. a.s.r. considers the activities of the Real Estate Development segment, which were not classified as discontinued operations, as non-core and currently intends to complete the projects in the portfolio or dispose of the remaining activities of this segment if it can do so on commercially attractive terms.

The continuing operations of this segment consist primarily of the Leidsche Rijn and the Centrum Plan Waddinxveen development projects and related guarantees and commitments. Leidsche Rijn is a development project assumed in 2007 with a joint venture partner, in which a.s.r. has the obligation to develop a retail and residential district in Utrecht, the Netherlands. a.s.r.'s share in the joint venture is 78%, and the partners have an obligation to provide financing of the expected maximum of € 249 million in accordance with their respective participations in the first quarter of 2018. a.s.r. also provided two guarantees for the project to the municipality of Utrecht, the total amount of which is reduced as the development proceeds and payments are made. The total amount of the guarantees as at 31 December 2015 amounted to € 304 million. a.s.r. is actively seeking to further minimise its exposure in respect of this project including negotiations with the investor in the commercial real estate and the development partner.
The other project (Centrum Plan Waddinxveen) was finalised in 2014 and related to the development of commercial real estate and rental houses. As at 31 December 2015, the project had not met pre-defined conditions and a.s.r. made a corresponding provision of € 8 million for final settlement relating to the delay.

a.s.r. values real estate development projects, in line with IFRS requirements, at the lower of (i) the project's carrying amount; or (ii) fair value less costs to sell. Based on management's best knowledge at that time, all expected future losses for a project are taken into account in the valuation. When the valuation is below the cost-price of the project, a.s.r. takes a write off on the book value of the project. This accounting policy has led to a substantial level of provisioning in the Real Estate Development segment in previous years, mainly attributable to pre-crisis investments by a.s.r. in real estate development projects.
Due to these impairments and a.s.r.'s policy of decreasing its exposure to real estate development projects, the total book value of real estate development projects (including Leidsche Rijn and Centrum Plan Waddinxveen) has been downscaled from € 118 million at 31 December 2013 to € 39 million at 31 December 2015.

Discontinued Operations

Discontinued real estate operations consist of nine projects and related commitments, as well as the acquisition portfolio and a number of land banks that are separated from the results of the Real Estate Development segment. The main projects that are part of discontinued operations are project Kruisvaartkade in Utrecht, project Amsterdam Osdorp in Amsterdam, project Norfolk in Scheveningen aimed to develop residential plots and project Bleiswijk which comprises commercial property. a.s.r. remaining commitments in respect of these projects vary from the purchase of land to the development and construction of the real estate.

2.2.8 Investments

a.s.r.'s investment policy is aimed at striking a balance between generating returns and preventing risks. Protecting the solvency position was an important factor in this context. Overall growth in the fair value of the investment portfolio was 5.8% in 2015 (from € 34.7 billion to € 36.7 billion). Of this increase of € 2.0 billion, € 1.0 billion was attributable to mortgages, € 0.4 billion to fixed-income securities and € 0.7 billion to equities. Property exposure dropped slightly against year-end 2014.

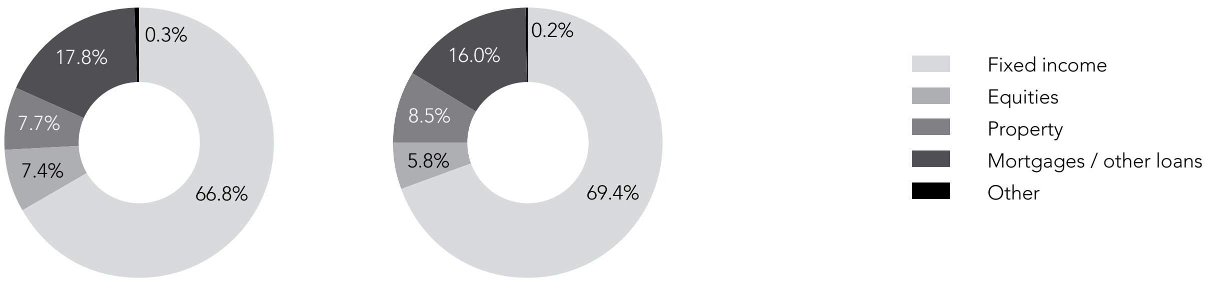
Assets (in € millions)	December 2015	December 2014
Fixed-income securities (fair value)	24,491	24,060
Equities (fair value)	2,706	2,023
Property (fair value)	2,817	2,965
Real Estate/other loans (carrying amount)	6,522	5,552
Other	118	86
Total investments (including derivatives)	**36,654**	**34,686**
Investments on behalf of policy holders	7,924	7,957
Other assets	8,760	9,011
Total assets a.s.r.	**53,338**	**51,654**

The acquisitions of AXENT and De Eendragt added € 3.5 billion to a.s.r.'s asset base. The AXENT and De Eendragt portfolios were integrated into a.s.r.'s investment policy over the course of 2015. The related increase in the investment portfolio was cancelled out in part by the fall in value of the bond portfolio as a result of accrued interest and spreads.
The fixed-income portfolio saw slight growth from € 24.1 billion to € 24.5 billion. It continues to qualify as high-grade, even in the current low interest rate environment. The core is made up of government bonds, mainly with an AAA rating, and selective exposure to peripheral countries. More than 70% of the government bond portfolio of € 12.4 billion has been invested in Dutch and German government bonds. Over the course of 2015, the exposure to German government bonds rose by 25%, while exposure to Dutch debt instruments was up 4%.
All leading rating agencies awarded the Netherlands an AAA rating at year-end 2015, which is why the share of AAA ratings in the fixed-income portfolio (exclusive of derivatives) increased from 28% to 45%. The exposure to government bonds issued by peripheral countries in the eurozone was reduced by 11% to € 636 million.

In the fixed-income portfolio, more focus was placed on less liquid assets such as corporates and mortgages. The exposure to non-financials, for instance, saw a 30% rise to € 5.0 billion and the mortgage portfolio rose by 18% to € 6.5 billion. Of the increase in the mortgage portfolio, 80% was attributable to state-guaranteed mortgages and mortgages with a loan-to-foreclosure value of less than 75%. Given that the losses were limited to less than 1 basis point, the mortgage portfolio qualifies as high-grade. Overall, the exposure to bonds issued by non-financials was virtually unchanged in the year under review, hovering around € 4.9 billion. Derivative exposures fell by 41% to nearly € 1.8 billion, one of the reasons being the substitution of derivatives by government bonds. a.s.r. maintained its stringent hedging policy for interest rate sensitivities over the past year.

The value of the equity portfolio increased by € 0.7 billion, mainly thanks to currency tailwinds, while the value of the property portfolio fell by 5% to € 2.8 billion due, in part, to the placement of participations in the ASR Dutch Core Residential Fund with external institutional investors.

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



Investment portfolio 2015 Investment portfolio 2014

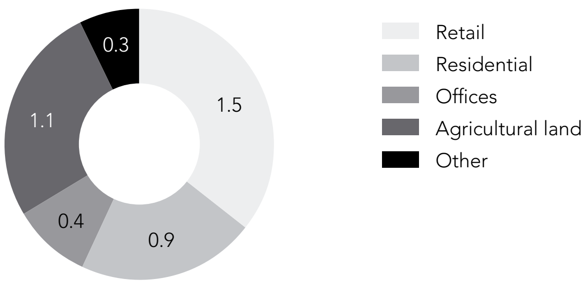
a.s.r. REIM

a.s.r. REIM invests for its clients in retail properties, residential units and agricultural land. a.s.r. REIM seeks to achieve a stable development in the value of real estate for users, investors and society at large, through active fund, asset and property management.

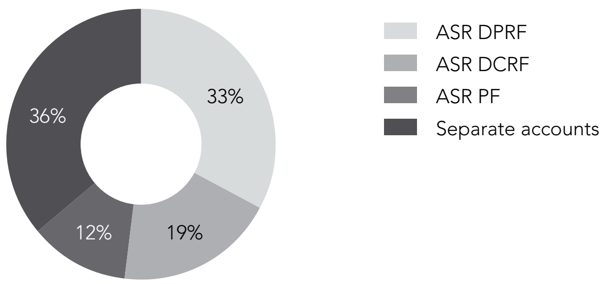
By creating property funds, a.s.r. REIM has increased the flexibility of its investment property portfolio without affecting the portfolio's critical mass that has taken more than a century to build. Boasting funds and in-house asset and property management specialists, a.s.r. REIM has broad experience and a good reputation in the Dutch property market.

In 2015, the ASR Dutch Core Residential Fund made a fair number of pipeline acquisitions that will serve to shore up the portfolio of the residential fund. The ASR Dutch Prime Retail Fund purchased a number of properties in the reporting period, which bolstered its position.

In 2015, a.s.r. REIM managed to bring about the first placements in the residential fund for an amount of € 150 million; as a result, a.s.r. REIM's interest in the total assets of € 0.8 billion has now dropped to 81%. In addition, a.s.r. REIM secured a fifth placement in the retail fund early in 2015. As a result, the total share of the retail fund that has been placed with external investors since its creation now stands at nearly € 0.8 billion.



Total AuM € 4.2 billion



Total AuM € 4.2 billion

Residential	Retail	Office	Rural
circa 4,900 units € 0.9 billion	over 1,000 shops 429,000 sq m € 1.5 billion	22 offices 265,000 sq m € 0.4 billion	about 34,000 hectares € 1.1 billion

AIFMD licence

The Netherlands Authority for the Financial Markets (AFM) has granted a.s.r. REIM an AIFM licence to act as a manager of investment institutions. Besides managing the ASR Dutch Prime Retail Fund, the ASR Dutch Core Residential Fund and the ASR Property Fund, a.s.r. REIM also manages the a.s.r. agricultural land and office portfolio via a separate mandate.

2.3 Capital and liquidity management

Capital policy and management

The a.s.r. capital policy ensures careful monitoring and control of solvency ratios in the organization, both at group and at entity level. Capital management comprises all activities that focus on controlling, managing and monitoring available and required solvency.

a.s.r. continued its sound capital policy in 2015, the aim being to maintain a strong and robust capital position that contributes to the corporate targets. a.s.r.'s capital position is governed by various rules and limits that were instituted to absorb losses and to guarantee financial robustness. Compliance with these rules and limits is monitored and enforced by internal management and control models. a.s.r. seeks to actively monitor risks and streamline its capital position within the guidelines set by regulators and stakeholders. One of the priorities in this regard is securing an A rating at group level.

The regulator has based the current supervisory framework for capital policy and management on the Solvency I regime. The regulator will switch to the Solvency II regime as of 1 January 2016. a.s.r. has already prepared its structure and processes for the introduction of this new regulatory regime. The Solvency II regime requires a different methodology for measuring and managing available and required capital. a.s.r. regularly measures and manages its available and required capital under Solvency II; this process is an integral part of managing the capital position of a.s.r. as a whole. The internal minimum Solvency II ratio for ASR Nederland N.V. as formulated in the risk appetite statement is 120%.

In addition to capital management based on Solvency II, the standard regime for European insurance companies, a.s.r. has analyzed the Solvency II regime and developed its own partial methodology (ECAP). The ECAP methodology, which quantifies a.s.r.'s integral risk in terms of economic capital, entails a minor departure from the Solvency II standard model in that it uses self-developed methods for measuring a number of risks. The ECAP methodology also forms part of a.s.r.'s overall capital management.

a.s.r.'s robust financial position in terms of market value is guaranteed by the routine and integrated management of its capital position, based on Solvency I, the standard Solvency II model and ECAP. Treasury & Capital Management is responsible for implementing the capital management policy. This guarantees the independent position and the segregation of duties, and is in line with the a.s.r. governance structure. Treasury & Capital Management regularly reports on capital management issues to the risk committee structure that was created especially for this purpose.

Solvency I

The internal minimum Solvency I ratio for a.s.r. as formulated in the risk appetite statement is 200%. The table below shows the capital position of a.s.r. at the dates specified based on Solvency I:

(in € millions)	2015	2014	2013
Available capital	5,575	4,984	4,182
Required capital	1,830	1,749	1,563
Solvency I ratio	305%	285%	268%

The development of the Solvency I ratio (Solvency I) shows that a.s.r.'s capital position continued to improve in 2015. The € 591 million increase in Solvency I capital to € 5,575 million was mainly attributable to profit for 2015 and the newly contracted Tier 2 subordinated loan. The Solvency I ratio climbed from 285% at year-end 2014 to 305% at year-end 2015.

Solvency II

Solvency II is the regulatory framework for European insurance companies that will replace the Solvency I regime as of 1 January 2016. The introduction of the new regime is intended to harmonize the European insurance market, increase the protection of policyholders and improve risk awareness in both the governance and management of insurance companies. Solvency II sets more sophisticated solvency requirements and forms an integral part of the risk management structure of insurance companies. In anticipation of the implementation date of 1 January 2016, EIOPA has published Preparatory Guidelines, in particular regarding Pillar 2 themes such as the System of Governance and Forward-Looking Assessment of Own Risks and Pillar 3 Reporting guidelines. DNB has adopted these guidelines that have governed Dutch insurance companies since 1 January 2014.

The internal minimum Solvency II ratio for ASR Nederland N.V. as formulated in the risk appetite statement is 120%. At a midpoint estimate of 185%, the SCR solvency ratio at 31 December 2015 was comfortably higher than the internal requirement of 120%. The table below breaks down the capital position of a.s.r. as at the dates specified[1,2]:

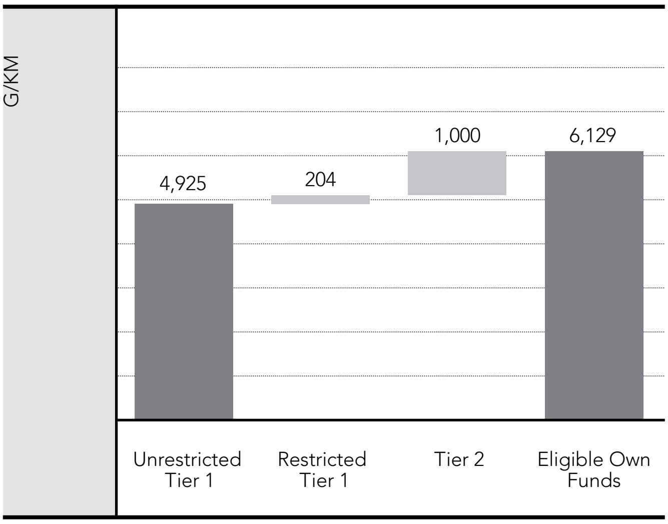
(in € millions)	2015	2014	2013
Eligible own funds	6,129	5,208	4,129
Required capital	3,313	3,073	2,906
Solvency II ratio	c. 185%[3]	c. 170%	c. 140%

Eligible own funds were boosted in 2015 by the addition of the profit for the year, value increases in mortgage spreads and the issue of a hybrid loan. The required capital was affected by adjustments to a number of non-economic assumptions and the application of a prudent tax adjustment factor (loss-absorbing capacity of deferred tax). Although the strategic acquisitions increase required capital, they are capital-efficient owing to the natural diversification between the acquired portfolios.

- Tier 1 capital comprises 84% of total own funds
- Tier 1 capital alone represents 155% of SCR
- Restricted Tier 1 capital contains grandfathered hybrid capital instruments
- Own funds do not contain Tier 3 capital.

Eligible Own Funds

The figure below breaks down the tiering of a.s.r.'s eligible own funds at year-end 2015:



1 The estimate at year-end 2014 and 2013 was based on the methodology in force at the time.
2 The Solvency II ratios are presented net of foreseeable dividend.
3 Based on the midpoint estimate of the Group solvency ratio.

Sensitivities

Sensitivities of Solvency II capital are key risks monitored by management and can be different from economic sensitivities. The following table sets out the shocks to parameters used to assess the sensitivities.

Risk	Scenario
Equity risk	Measured by the impact of a 20% drop in equity prices
Property risk	Measured by the impact of a 10% drop in the market value of real estate
Spread risk	Measured by the impact of a 75 bp increase of spread on loans and corporate bonds. At the same time, it is assumed that the volatility adjustment will increase by 21bp
Interest rate risk	Measured by the impact of a parallel 1% upward and downward movement in interest rates. A UFR is applied to the valuation of the liabilities. This means that the forward interest rates of maturities of 21 years or more are extrapolated by taking a weighted average of the forward rates in the market and the UFR. For this sensitivity, the extrapolation to the UFR of 4.2% will not change.
Interest rate risk – UFR	Measured by the impact of a lower UFR. The UFR decreases from 4.2% to 3.2%. For the valuation of liabilities in this scenario the extrapolation to the UFR of 3.2% is not changed.

The sensitivities of Solvency II ratio as at 31 December 2015 expressed as impact on the Group solvency ratio (in percentage points) are as follows:

Type of risk	Impact on group solvency ratio		
	Available capital	Required capital	Ratio
Equity -20%	-12%	8%	-5%
Property -10%	-7%	3%	-4%
Spread +75 bps + va	7%	2%	10%
Interest rate +1%	-3%	9%	5%
Interest rate -1%	16%	-10%	5%
UFR -1%	-16%	-1%	-17%

In the calculation of the interest rate sensitivity of the solvency ratio including UFR, the UFR is kept constant. The shock on the discounting curve for the liabilities is mitigated for maturities longer than 20 years through the application of the UFR. As a result, the assets are more sensitive than the liabilities including UFR. This explains why a downward shock in interest rates has a positive effect on the available capital and vice versa. Apart from that, an interest rate shock will impact the calculation of the required capital. The interest rate rises as the required capital drops, whereas the required capital increases as interest rates fall.

The sensitivity to a lower UFR can be explained by the fact that the valuation of assets is not impacted by the UFR, whereas the fair value of the liabilities under Solvency II increases significantly. This sensitivity is reflected in the discounting curve for liabilities with maturities longer than 20 years.

Apart from the estimated sensitivities set out above, a.s.r. is also exposed to changes in assumptions with regard to underwriting, expenses and policyholder behaviour as the present value impact on the policyholder liabilities of such assumption changes will be immediately reflected in the available and required capital.

Equity and solvency

Equity attributable to holders of equity instruments (IFRS-based equity) was up € 550 million, rising from € 3,709 million at year-end 2014 to € 4,259 million at year-end 2015. This increase was mainly driven by the addition of the profit for 2015 (€ 601 million) and actuarial gains and losses (€ 167 million). Actuarial gains and losses are the result of changes in actuarial parameters of a.s.r.'s own pension scheme (increase in discount rate and indexation changes). The unrealized losses (€ 51 million) were caused by changes in the investment portfolio. The other losses of € 170 million in total consisted mainly of the dividend distributed for 2014 (€ 139 million) and the payment of accrued interest on a Tier 1 loan (€ 34 million).

Funding

As an insurer with a robust capital and liquidity position, a.s.r. has only limited need for external funding. As a result, a.s.r. makes limited use of money and capital markets. a.s.r. does aspire to have access to a broad and balanced spectrum of funding options. Access and costs of the money and capital markets may vary over time. Given that a.s.r. always has a range of funding options, it can guarantee its strong liquidity position, even when the markets are poor and the business is under stress. This is in keeping with the prudent policy and financial robustness that a.s.r. pursues.

At present, a.s.r. achieves this both in terms of secured and unsecured financing by keeping its programmes up-to-date. This ensures access to the money and capital markets, which means that a.s.r. has plenty of options for meeting its financing requirements with the necessary flexibility where needed and appropriate.
Over the past year, the market lent itself well to raising liquidity and capital because of record low interest rates. Following up on the capital issue in 2014, a.s.r. again issued € 500 million worth of hybrid capital in 2015, which marked a successful step in the further optimization of its balance sheet in the context of Solvency II. The proceeds from the bond loan were used primarily to repay an existing senior bank loan and to finance selective acquisitions. The market transaction led to an increase in capital under all capital regimes (Solvency I, Solvency II, ECAP and the S&P Capital Model), thereby strengthening a.s.r.'s already robust balance sheet. The successful placement also contributed to a.s.r.'s brand awareness among investors and underlined the sustainability of its financial robustness and the strong liquidity position.
Combined with the financing options that are in place, a.s.r. currently has ample cash reserves to carry on its operations.

Dividend

The Executive Board plans to distribute € 170 million in dividend on ordinary shares, a 22% increase on 2014.

Rating

a.s.r. seeks to secure an 'A' rating from Standard & Poor's for the required capital of ASR Levensverzekering N.V. and ASR Schadeverzekering N.V. On 7 July, Standard & Poor's confirmed the 'A' rating of ASR Levensverzekering N.V. and ASR Schadeverzekering N.V.

Standard & Poor's ratings were as follows at year-end 2015:

	Type	Rating	Outlook	Since
ASR Nederland N.V.	CCR	BBB+	Stable	15 May 2014
ASR Schadeverzekering N.V.	FSR	A	Stable	23 August 2012
ASR Schadeverzekering N.V.	CCR	A	Stable	23 August 2012
ASR Levensverzekering N.V.	FSR	A	Stable	23 August 2012
ASR Levensverzekering N.V.	CCR	A	Stable	23 August 2012

2.4 Risk management

Risk management is an integral part of our daily business operations. a.s.r. applies an integrated approach to managing risks, ensuring that our strategic objectives (customer interests, financial solidity and efficiency of processes) are achieved. This integrated approach ensures that value will be created by striking the right balance between risk and return, while ensuring that obligations to our stakeholders are met. Risk management helps a.s.r. to identify, measure and manage risks, and to monitor whether adequate and immediate actions are taken in the event of changes in our risk profile.

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

The notes to the financial statements contain a detailed description of the risk governance structure, the risk profile and the related trends in 2015 (see chapter 5.3.1).

Risk management in 2015

a.s.r. manages the risk profile of a.s.r. group, its associates and its business lines in order to ensure that the risk profile remains within the risk appetite and the underlying risk tolerances and risk limits. The risk appetite is defined for financial and non-financial risks, and describes the level of risk that a.s.r. is willing to accept. The risk appetite statements were updated by the Executive Board and endorsed by the Supervisory Board in 2015. The risk profile is discussed in the risk committees on a quarterly basis. The non-financial risk profile is shared with the Non-Financial Risk Committee (NFRC) and the financial risk profile is shared with the Financial Risk Committee (FRC). The integrated risk profile is shared with the Group Risk Committee. In case of breaches, the committees are mandated to decide on corrective actions. This is how the risk governance structure ensures that the risk profile is monitored effectively and timely action is taken where needed.

a.s.r. conducted an Own Risk and Solvency Assessment (ORSA) at both group and entity level. The ORSA is an annual process that measures the impact of adverse external developments or internally identified risks and threats to a.s.r.'s solvency position. Various strategic risks are transposed into scenarios that simulate the impact of the occurrence of these risks on the balance sheet, the solvency position and the income statement. Management actions are defined in order to mitigate the impact of potential risks modelled in the various scenarios.

a.s.r. also updated the recovery plan in 2015. The goal of the recovery plan is to ensure that a.s.r. has effective measures in place to deal with potential severe financial stress, resulting from a wide range of causes and various circumstances. The recovery plan enables a.s.r. to improve the chances of successful intervention in such extreme scenarios and ensures that a.s.r. is better prepared for financial crisis situations.

a.s.r. further improved its internal control structure in 2015. The enterprise-wide internal control framework has been largely implemented in the business lines. Operational (including IT) risks have been identified and controls have been assessed and tested from an enterprise risk management perspective. The implementation of a company-wide internal control framework has contributed to an increase in awareness of operational risk management. The internal control structure has become a management tool and contributes to the enhancement of operational excellence.

To mitigate model risk, a.s.r. has validated the majority of Solvency II metrics such as the Solvency Capital Requirement and the technical provisions in accordance with the model validation policy and governance structure. In 2016, a.s.r. will continue to validate self-developed models used for the calculation of a.s.r.´s capital requirements and for internal steering purposes.

Highlights of 2015

- Solvency increased during 2015 and remained strong. The Solvency I ratio increased from 285% to 305%. The Solvency II ratio rose from approximately 170% to a midpoint estimate of 185%, after proposed dividend distributions. a.s.r. applies a bandwidth of +10%-points and -10%-points around this midpoint estimate reflecting both potential positive and negative factors of which the final impact still needs to be determined, referring to the interpretation of the delegated acts.
- a.s.r. acquired De Eendragt and AXENT and issued new hybrid debt.
- Risk Management uses a set of metrics to monitor a.s.r.'s capital, including the impact of the UFR. Limits and targets are in place for the capital metrics. As a result of this process, solvency increased during 2015 and remained strong. The UFR has a significant impact. Disregarding the UFR, the solvency position is still adequate.
- Although model validation is not mandatory for companies reporting on basis of the Solvency II standard model, a.s.r. recognizes the need to be able to report on basis of reliable actuarial and financial models. In 2015, a.s.r. validated the majority of the Solvency II metrics such as the Solvency Capital Requirement and the technical provisions in accordance with its model validation policy and governance structure.
- In 2015, a.s.r. reported QRT according to the preparatory phase requirements as published by EIOPA for a.s.r. as a whole, including its associates.
- a.s.r. developed mature scenario analyses and stress testing

techniques, such as the ORSA and Strategic Asset Allocation studies. These techniques measure the impact of external or internal identified risks and threats to a.s.r.'s solvency position. The 2015 ORSA results again demonstrated a.s.r.'s strong position in terms of capitalization and our ability to carry out our strategy, even in situations of increased financial stress.

Management of financial risks in 2015

A robust solvency position takes precedence over profit, premium income and direct investment income. The FRC assesses the solvency position and the financial risk profile on a monthly basis. Action is taken where appropriate to ensure that the financial risk profile stays within the parameters that have been defined in the a.s.r. risk appetite. At year-end 2015, a.s.r. had sufficient capital to meet the limits defined in the a.s.r. risk appetite.

The exposure to market risk was increased in 2015. The exposure to equities rose due to new investments, positive return on equities yields, and the acquisition of De Eendragt and AXENT. The interest rate hedge was adjusted such way that the SCR ratio was less sensitive to interest rate movements. The outstanding amount of mortgages increased by € 1.0 billion during 2015, in line with the strategic investment plan.

Since 30 June 2012, DNB has prescribed the application of the UFR to the yield curve used to discount insurance liabilities, meaning that the yield curve for maturities longer than 20 years gradually approaches a level of 4.2%, which signifies an increase. This represents a considerable boost for a.s.r.'s solvency position. For the sake of prudence, the solvency position was also measured without accounting for the UFR.

a.s.r. periodically assesses whether the technical provisions are sufficient to cover insurance liabilities. These provisions were adequate at year-end 2015. The underlying assumptions for assessing these provisions are periodically adjusted to economic and non-economic developments. Based on the 2015 assessment of the expense assumptions, future expenses were recognized in the best estimate liability and the assumed benefits of scalability were not fully recognized at year-end 2015. With the current level of risk margin, the current technical provisions under Solvency I (best estimate of Solvency I plus risk margin for Solvency I plus impact of surrender floor) exceed the technical provisions under Solvency II (best estimate of Solvency II plus risk margin for Solvency II).

Management of non-financial risks in 2015

The NFRC monitors whether non-financial risks are adequately managed, determines non-financial risk limits at group and entity level and monitors whether the risk profile stays within the agreed risk limits. If the risk profile exceeds the limits, the NFRC agrees on mitigating actions. The NFRC is mandated by the Executive Board to decide on non-financial risk policies. The NFRC reports to the a.s.r. Risk Committee.

In 2015 efforts were put forth to further align the risk profile of a.s.r. group and its business lines to the defined risk targets. The non-financial risk dashboard describes the performance of a.s.r. group, the underlying entities and business lines on certain key risk indicators. It is a tool that can be used by management to assess and identify key risk issues. The risk profile and internal control performance of each business line are discussed on a quarterly basis with senior management in the business risk committees.

a.s.r. further improved its Management in Control system in 2015. This enterprise-wide internal control framework addresses the key risks for a.s.r.'s most important operating processes. All business lines have identified operational risks and periodically assess and test controls. Where needed, plans were designed to further increase the effectiveness of operating processes. The centralized Enterprise Risk Management department periodically reviews the quality of a.s.r.'s Management in Control framework. The NFRC decides whether additional actions need to be taken to ensure that non-financial risks are managed properly.

A Control Risk Self-Assessment (CRSA) is conducted annually to identify the most important strategic risks for a.s.r. group and its business lines. Key risks threatening the achievement of the organization's strategic objectives are identified in the CRSA, including actions that need to be taken to mitigate these risks. The CRSA reports and the mitigating actions are authorized by the management teams of the business lines and the Executive Board. Every year, senior management of each business line signs a Management in Control Statement (MCS) which is based on the CRSA findings and the results of their Management in Control process. Progress on mitigating actions for the risks identified in the CRSA is monitored on a quarterly basis in the Business Risk Committees and reported to the NFRC.

Identification of major risks

The risk priorities of a.s.r. are defined annually by the Executive Board in a bottom-up process. Risk priorities are based in part on the CRSA reports of the business units. The actual status of the risk priorities and progress on the defined actions is reported to the a.s.r. Risk Committee on a quarterly basis.

The most important risk priorities are described below.

Pressure on margins and sales in a changing market

The insurance market is changing. Shrinking customer demand, changes in customer behaviours and in distribution channels, lack of public trust in insurers, the current economic climate (low interest rates), regulatory changes and technological developments demand more from us as an organization. In addition, the current market is characterized by fierce competition and growing cost awareness. These pressures can manifest themselves in an increase in non-life policy cancellations, loss of retention in the life business, a drop in sales of new insurance contracts and limited scalability of departments.

It will be an increasing challenge to adjust our product portfolio and distribution channels quickly enough to meet the changing needs of customers and to achieve the planned cost reductions as premiums fall. These challenges may put pressure on a.s.r.'s margins (profitability and solvency) and premium income.

Juridification of society

In the matter of unit-linked policies, firm policyholder compensation agreements have been made with the relevant customer associations. At the same time, the risk of new claims still looms. This risk is on the rise because of a growing compensation culture in Dutch society and the new court rulings in the current legal proceedings filed against other insurance companies. Court rulings and decisions by arbitration boards may have an industry-wide impact, as well as trigger widespread media attention, evoking negative sentiments among policyholders. This may increase reputation risk for a.s.r.

Impact of supervision, laws and regulations

The Dutch market is experiencing stricter regulation and new legislation is being introduced all the time. As a result of this increasing pressure from politics and regulators, there is the risk that:

- The reputation of a.s.r. will come under pressure depending on the pace of compliance with the new requirements.
- The available resources will be used to align the organization to legislation and cannot be employed to improve and innovate our core customer processes.
- Processes will be less efficient and pressure on the workforce increases.
- a.s.r. will run the risk of fines and penalties if it is not able to meet these new requirements in a timely manner. Although Solvency II became effective on 1 January 2016, there remains uncertainty about the interpretation of Solvency II in the Dutch insurance market. In addition, further changes and reviews are planned. There is a risk that Solvency II regulation may be intensified (e.g. with regard to mortgages, government bonds, UFR) or that a difference in interpretation may exists between a.s.r. and the supervisors, which may have a negative effect on, or create volatility in, a.s.r.'s solvency position.
- DNB intention to impose administrative fine
  In March 2015, the Bank determined that the calculation method for solvency purposes of specific investment categories, specifically certain subordinated notes issued by other financial institutions, was inaccurate. Immediately following that determination, the Bank reported this to DNB and took remedial actions, including the sale of subordinated notes in order to comply with its capital requirements and further improvements to its control framework.
  Following the correction of its financial records to reflect the correct calculation method, the CET1 ratio of the Bank was set to 8.7% at 31 December 2014, which is below the minimum capital requirement of DNB. In addition, the CET1 ratio of the Bank was determined to be negative at the end of January and February 2015.
  On 2 March 2016, DNB notified the Bank that it intends to impose and publish an administrative fine because of the negative CET1 ratio in January and February 2015. The Bank is invited to provide its views to DNB before DNB takes its decision whether or not to impose a fine. The amount of the fine, if it is imposed, is not yet known. The base amount for a fine of this nature is € 2,000,000, but this amount may be higher or lower, depending on the circumstances which will be taken into account by DNB.

Information security risk

The information security risk has increased due to new technological developments, such as cloud computing, bring-your-own device, social networks and online transactions with customers. In order to prevent cyber-attacks and information security risks, a.s.r. needs to be sufficiently aware of potential threats. a.s.r. runs the risk that new technological developments require different expertise and alternative mitigating measures. The risk that confidential information becomes available to third parties, either intentionally or unintentionally, is a serious risk for a.s.r. and its customers, and could cause significant reputational harm. Every a.s.r. employee is expected to be fully aware of the risks attaching to handling confidential information concerning our customers, employees, financials and strategy, and should do their utmost to protect our assets.

Solvency II update

Solvency II is the regulatory framework for European insurance companies that came into force at 1 January 2016 after many years of preparation. The Solvency II regime comprises requirements for insurance companies. The introduction of the new regime is meant to harmonize the European insurance market, increase the protection of policyholders and improve risk awareness in both the governance and management of insurance companies. Solvency II sets more sophisticated solvency requirements and will form an integral part of the risk management of insurance companies.

The European Commission and EIOPA have announced that they will review the Solvency II regulatory framework after its implementation. In this review, which that will take place in 2018, adjustments will be proposed to improve the quality of the framework. One of the items for which the review has already started is the methodology for setting ultimate forward rates. EIOPA intends to decide on the outcome of this review in September 2016. Adjustments to the ultimate forward rates in an environment of persistently low interest rates could have a major impact on the insurance industry.

Solvency II ratio in 2015

In 2015, Group Risk Management monitored, on a quarterly basis, whether a.s.r. was ready for the introduction of the Solvency II Directive. The outcome of this assessment were reported to the Group Risk Committee and the Audit & Risk Committee. A number of transitional measures were added to the Solvency II requirements for the smooth introduction of the new regime for insurance companies. One of these transitional measures was the calculation of the equity risk sub-module.

During the transitional period, the standard parameters to be used for relevant equities will be calculated as the weighted average of the standard parameter. a.s.r. has decided to apply this transitional measure to the calculation of the equity risk sub-module.

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Chapter 3

Executive Board Responsibility Statement

3.1 Executive Board Responsibility Statement

The consolidated and company financial statements for 2015 of ASR Nederland N.V., as well as chapter 1, 2 and 7 of the annual report, have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and with Part 9, Book 2 of the Netherlands Civil Code.

As required by section 5:25c paragraph 2(c) of the Dutch Financial Supervision Act, the Executive Board declares that, to the best of his knowledge;

1. The financial statements give a true and fair view of the assets, liabilities, financial positions and earnings of ASR Nederland N.V. and the enterprises included in the consolidation taken as a whole;

2. The Annual Report gives a fair review of the position at the balance sheet date and developments during the year under review and the enterprises included in the consolidation taken as a whole together with a description of the principal risks ASR Nederland N.V. is being confronted with.

Utrecht, the Netherlands, 4 April 2016

Jos Baeten
Karin Bergstein
Chris Figee
Michel Verwoest

Chapter 4

Report of the Supervisory Board

4.1 Financial statements and profit appropriation

The Executive Board submitted the Report of the Executive Board and the financial statements for 2015 to the Supervisory Board. After having discussed the financial statements with KPMG, the independent external auditor, the Supervisory Board agreed to them at its meeting on 4 April 2016. The financial statements were audited by KPMG, who issued an unqualified auditor's report on them. For the auditor's report, see page 232. The Supervisory Board has established that the external auditor is independent from a.s.r.

The Supervisory Board will submit the financial statements for adoption by the Annual General Meeting of Shareholders (AGM). The Supervisory Board proposes that the AGM should adopt the financial statements and discharge the members of the Executive Board of responsibility for the policy pursued, and discharge the members of the Supervisory Board of responsibility for their supervision of the policy pursued by the Executive Board and of the general conduct of business at the company and its affiliated entities. For the Executive Board's profit appropriation proposal to the AGM, which has been approved by the Supervisory Board, see page 239 of this report.

Supervision

The Supervisory Board addressed the following issues:

Routine topics	Additional themes
Financial performance (quarterly, interim and annual results)	Mergers, acquisitions and divestments
Solvency	Potential IPO
Investment plan	Composition of the Supervisory Board
Dividend proposal	Unit-linked policies
Multi-year budget	Continuing education
Risk management and risk appetite	Solvency II
Privatization	
Treating Customers Fairly (TCF)	
Compliance reports	
Audit reports	
Governance	
Performance targets of identified staff	
ICT-projects	

Financial performance

The Supervisory Board has met once a quarter to discuss the financial performance, covering standing issues such as developments in earnings, premium income, returns and solvency. The members of the Supervisory Board were satisfied with a.s.r.'s financial performance in 2015. The increase in underlying earnings was due to an improvement in underwriting profit as well as growth, thanks to a number of strategic acquisitions which will contribute to a sustainable increase in profits.

The status of cost cuts and improvements in claims management were discussed extensively. The combined ratios of the different non-life operations were well below 100%. The solvency ratio is more than adequate. The commercial drive was boosted by the acquisitions of Van Kampen Groep and Dutch ID; in addition, the Supervisory Board considers that one of a.s.r.'s key priorities is to increase premium income where possible, despite the fact that the market can be challenging, for instance due to saturated submarkets and the low level of interest rates. In this process, a.s.r. favours value over volume.

At year-end, the Supervisory Board approved the multi-year budget 2016-2020; the supervisory directors qualified the budget for the coming years as ambitious and realistic.

Risk management and solvency

At the beginning of the year, the Supervisory Board approved the risk appetite for both ASR Nederland N.V. and the supervised entities. a.s.r.'s risk appetite is based on the Solvency II regime and a prudent approach to risk management, transposed into standards for solvency, liquidity and achievable returns.

The members of the Supervisory Board are satisfied with the execution of the risk policy. Solvency levels remain acceptable and more than adequate thanks to the organization's prompt and adequate response to external developments based on the chosen risk appetite and the associated risk-mitigating measures. In the middle of the reporting period, the Supervisory Board followed up the Audit & Risk Committee's recommendation when it adopted the funding plan, which resulted in further optimization of a.s.r.'s capital position.

The risk appetite was an important criterion for the Supervisory Board in making both tactical and strategic decisions in 2015 too.

Market developments, strategy and M&A

A key issue in the meetings of the Supervisory Board in 2015 was the potential consolidation of the insurance sector and a.s.r.'s possible role in this process. In January, the Supervisory Board decided, both independently and in dialogue with the Executive Board, not to submit a bid for Vivat (formerly Reaal N.V.). The Supervisory Board considered that a bid would entail irresponsible risks for customers, employees and other stakeholders. The Supervisory Board closely monitored the deliberations of the Executive Board that ultimately led to this conclusion, and took the time to form its own opinion as well.

The Supervisory Board regularly discussed market developments with the Executive Board and the approach to potential M&As. The Supervisory Board was informed and kept abreast of various issues in this regard, including the acquisitions of AXENT, De Eendragt and Dutch ID, and the portfolio transfer of NIVO.

In addition, specific topics of discussion included developments in the pensions market. These discussions took the form of deep dives, with senior managers giving presentations on current and future developments in the market and a.s.r.'s procedures for defining its strategy.

Unit-linked policies

The members of the Supervisory Board thoroughly educated themselves about developments in unit-linked policies in 2015. They appreciate the manner in which the Executive Board and the senior managers involved have taken up the extra challenge that was put to them after the introduction of the General Order in Council. a.s.r. has gone to great lengths for its unit-linked policyholders, having actively followed up with nearly all of them at this time.

Treating Customers Fairly (TCF)

Each quarter, the Supervisory Board considered the theme of Treating Customers Fairly on the basis of various reports, including the a.s.r. TCF Dashboard, which provides insight into developments and results with respect to TCF and of the best practices shared and lessons learned in this regard across the organization. The Supervisory Board has found that a.s.r. goes to great lengths to deliver a good TCF performance.

In addition to the TCF Dashboard, the Supervisory Board also discussed other reports and disclosures designed to give the members an understanding of the results achieved on quality mark requirements and the NPS scores. The members of the Supervisory Board are pleased with the progress made on treating customers fairly; they will continue to weigh customer interests when forming their opinion and making decisions on key issues in the year to come.

Risk Management, Integrity and Audit

The Supervisory Board discussed the reports of Risk Management, Integrity and Audit on a quarterly basis. Reports issued by and the findings of the external regulators were also reviewed extensively. The Supervisory Board is satisfied with the heightened management focus and discipline to continue the previously initiated policy of accelerating the resolution of issues. In the coming reporting period as well, the Supervisory Board will devote ample attention to testing the quality of the business practices and customer service.

Solvency II

Solvency II was addressed regularly in the meetings of the Audit & Risk Committee, as well as in the meetings of the Supervisory Board. This crucial change in the statutory regime demanded much of the organization's attention in 2015 and will continue to do so in the year to come. The Supervisory Board attaches great value to a.s.r.'s prudent approach to compliance with these new regulations and regularly engaged in dialogue with the Executive Board about its view of the targets and intervention level concerning Solvency II ratios.

Composition of the Supervisory Board

In 2015, Margot Scheltema announced that she planned to leave the Supervisory Board to accept the role of supervisory director of the Dutch Central Bank (DNB). Following on from this and in connection with the privatization process, the Supervisory Board considered its composition. Based on these discussions, a job profile was formulated and Herman Hintzen was appointed as a new member of the Supervisory Board of a.s.r. with effect from 1 January 2016. Herman Hintzen has a background in the financial services sector and he is a good match with the profile formulated by the Supervisory Board.

The Supervisory Board performs a self-assessment annually. After the self-assessment was performed with external guidance in 2014, the self-assessment for 2015 was an internal affair, with input from the Executive Board, among other bodies.

4.2 Issues addressed by committees

Audit & Risk Committee

The Committee has a supervisory responsibility for ASR Nederland N.V. and the other supervised entities, i.e. ASR Levensverzekering N.V., ASR Schadeverzekering N.V., N.V. Amersfoortse Algemene Verzekering Maatschappij and Europeesche Verzekering Maatschappij N.V. After the acquisitions of De Eendragt Pensioenen N.V. and AXENT NabestaandenZorg N.V., these companies have come under supervision as well. In 2015, the Committee held six meetings that were attended, in addition to the Committee members, by the CFO, the Director of Group Risk Management, the Director of Finance & Risk, the Director of Audit, the Director of Compliance and the independent external auditor. The standing agenda items included the financial (quarterly) results and the audit, compliance and quarterly risk reports. In addition, the Committee addressed issues specific to the supervised entities, including the impact of changing market conditions and the VANB report.

After each quarter end, the Committee met to discuss the financial results based on detailed audit reports and analyses. The full reporting year 2015 was discussed on the basis of the press release, the annual report, the financial statements, the board report and the actuarial report. The meeting to discuss the actuarial report was also attended by the certifying actuary. The Committee issued positive opinions on the annual report and the financial statements to the Supervisory Board.

The Audit & Risk Committee specifically focused on the effectiveness of the audit, compliance and risk management functions within a.s.r. The Committee reviewed and approved the audit plans for 2016 of both internal audit and the independent external auditor. The Committee also discussed and approved the annual plan of the Compliance department and the Risk Management Plan for 2016. The Internal Audit Charter, the Compliance Charter and the Risk Management Charter were also adopted in 2015.

During the year, the Committee met on three occasions outside meetings with the audit, compliance and risk management functions in their role of countervailing powers. The Chair of the Committee had two one-on-one meetings with each of the Directors of Audit, Compliance and Group Risk Management.

Every meeting held in 2015 devoted extensive attention to the status of the preparations for the Solvency II regime, which was introduced on 1 January 2016. This included discussion of the outcomes of the SCR calculations and the ORSA by the Committee and the measures taken. The UFR effect within the Solvency I and II frameworks was highlighted in particular. At the beginning of the year, the Audit & Risk Committee also discussed the risk appetite, which is based on a detailed risk assessment. This year as well, the assessment started from the Solvency II regime for both ASR Nederland N.V. and the supervised entities. The effects of the UFR were also considered. The Committee periodically tested the status of the risk appetite during the year, using such tools as the Integrated Risk Dashboard and the status report on the management of risk priorities. The a.s.r. risk appetite is based on a prudent approach to risk management and transposed into requirements for solvency, liquidity and returns; solvency takes priority over profit and profit takes priority over premium income. After the Committee had issued a positive opinion, the risk appetite was approved by the Supervisory Board. As part of the risk appetite, the Committee discussed the solvency targets for 2015.

As in any year, the outlines of the reinsurance programme were discussed, paying attention to the extent of the scale of the programme, diversification opportunities and general market developments in reinsurance and pricing. The internal control structure (Management in Control 2.0) was also a regular item of discussion by the Committee. This structure allows the management of a.s.r. to verifiably manage the principal risks that pose a threat to achieving the company's strategic targets.

The multi-year budget 2016-2020, the investment plan and the risk priorities for 2016 were discussed at length at the end of the reporting year, after which the multi-year budget was adopted by the Supervisory Board.

In addition, the Committee covered the developments surrounding a.s.r.'s potential privatization. As part of a potential IPO, the Committee also looked at the future dividend policy and the working capital statement. Furthermore, the accounting policies were explained to the Committee in 2015.

In the Committee's opinion, a.s.r. has a firm financial foundation. The solvency ratio is robust, both under Solvency I and Solvency II. Sensitivities, for instance to fluctuations in the yield curve and changes in possible future stress scenarios within the various asset categories are within the set parameters. This strong financial foundation allows a.s.r. to continue to be responsible while adapting to the changing insurance market.

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

Acting for the Supervisory Board, the Audit & Risk Committee supervised the performance and independence of the external auditor. After an extensive selection procedure, it was decided to appoint EY as the independent external audit with effect from the financial year 2016. The AGM of 16 April 2015 passed a resolution to this effect. To facilitate the transition from KPMG to EY, also in view of the upcoming potential privatization, EY has attended the Committee meetings from the close of Q3.

Finally, Annet Aris joined the Audit & Risk Committee in September 2015 as Margot Scheltema's replacement.

Selection, Appointment & Remuneration Committee

The Selection, Appointment & Remuneration Committee (SAR) was in session on four occasions in 2015. In accordance with policy, the Committee advised the Supervisory Board on target-setting, performance appraisals and the ex-post assessment of the variable pay awarded to identified staff. The Committee looked at the competitiveness of the a.s.r. salary structure in 2015. Hay Group reviewed the salary structure.

The outcomes were described in a memo that was discussed at an SAR meeting. Based on a memo entitled 'On the move', the Committee covered a.s.r.'s policy for sustainable mobility of employees. Management development was debated at length in this context as well.

Because of the resignation of one of the supervisory directors, attention was devoted to formulating a new profile for the recruitment of a new supervisory director. This search was outsourced to an agency.

The remuneration policy, including the RACI matrix, was reviewed and approved by the Supervisory Board. The same applied to the rules of procedure for the Committee, which were aligned to the review of the remuneration policy. The Committee also covered the policy introduced as a result of a change in the law on 1 January 2015, on which basis the option to accrue pension on salary in excess of € 100,000 has been cancelled.

For the purposes of risk management with respect to the quality and succession of senior managers, the Selection, Appointment & Recruitment Committee discusses the assessment of senior management annually. Nine criteria are used to evaluate senior managers and discuss their individual development and possible follow-up steps. Their potential successors are also identified.

The Chair of the Committee gave an account of the issues discussed to the Supervisory Board and submitted written reports to the Supervisory Board in a timely manner.

4.3 Management and supervision

Composition of the Executive Board

Name	Gender	Qualifications	Job title	Term of service
Jos Baeten	Male	Law	CEO	2009/2017
Chris Figee	Male	Financial economics	CFO	2014/2018
Karin Bergstein	Female	Medical biology	COO	2011/2019
Michel Verwoest	Male	Marketing	COO	2012/2016

See chapter 1.6 for the full CVs of the members of the Executive Board.

Education and evaluation

The members of the Executive Board took individual courses in 2015 as part of their continuing education (CE). In addition, much attention was devoted to knowledge-building in the areas of investment and asset management, and to potential interest rate developments, including the impact of the low level of interest rates and hedging policy. The reputation survey held by Erasmus University Rotterdam was explained by the professor responsible for conducting it; aspects specific to a.s.r. were highlighted and potential implications were discussed. Finally, partly within the scope of compliance with Solvency II, all the different measurement methods used were covered in a CE session organized specifically for this purpose.

The Executive Board evaluated its own performance regularly in 2015 by holding what are known as EB team conduct evaluation sessions. Furthermore, a two-day off-site event was held under the guidance of an external agency which served to discuss different roles and forces for the purpose of harnessing the diversity in the team and making the most of the collaboration between the members.

In addition to the self-evaluation, the performance of the members of the Executive Board was also assessed by the Supervisory Board in 2015 within the scope of the annual assessment round.

Composition of the Supervisory Board

Name	Gender	Job title	First appointed	Term of service
Kick van der Pol	Male	Chair	2008	2014/2018
Annet Aris	Female	Member	2010	2014/2018
Cor van den Bos	Male	Member	2008	2015/2019
Herman Hintzen*	Male	Member	2016	2016/2020
Margot Scheltema**	Female	Member	2008	2012/2015

* Appointed on 1 January 2016
** Resigned on 31 August 2015

See chapter 1.6 for the full CVs of the members of the Supervisory Board.

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

The Supervisory Board had four members until September 2015. On 1 September 2015, Margot Scheltema relinquished her position on the Supervisory Board to join the Supervisory Board of the Dutch Central Bank. The Supervisory Board owes a debt of gratitude to Margot Scheltema for her commitment to the company over the long stretch in which she served as a supervisory director. After Margot Scheltema's resignation, the Supervisory Board had three members. To return the number of members to four, a profile was formulated and a search to recruit a new supervisory director was initiated. The search proved successful, and the appointment of Herman Hintzen to the Supervisory Board as of 1 January 2016 was announced in December 2015.

Composition of committees

The Audit & Risk Committee has two members, namely Cor van den Bos (Chair) and Margot Scheltema (until 1 September 2015) and Annet Aris (from 1 September 2015). Its meetings are attended by the CFO, the independent external auditor, and the directors of Finance, Audit, Group Risk Management and Integrity. Herman Hintzen joined the Audit & Risk Committee on 1 January 2016.

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

Quality assurance of supervisory function

Education and evaluation

Two CE sessions were organized for the members of the Supervisory Board in 2015. One session covered the impact of the low level of interest rates and opportunities in the area of hedging policy. At the second session, the Supervisory Board was educated about the different measurement methods in use at a.s.r. and addressed at length the different aspects of and responsibilities associated with an IPO.

The Supervisory Board performs a self-assessment annually, which it did in 2015 as well. The assessment was based on written input and an oral elaboration by all members of the Supervisory Board and the Executive Board. The following aspects were assessed:

- Composition of the Supervisory Board: strengths and weaknesses.
- Effectiveness of the Supervisory Board processes: information-gathering, decision-making, focus on core themes.
- Role of employer: strengths and weaknesses; Supervisory Board involvement or HR duty?
- Advisory role on composition of the Supervisory Board.

The overall impression that emerged from this self-assessment was positive. After the appointment of a fourth supervisory director with a background in the financial services sector, the envisaged composition will be fleshed out further.

Independence and conflicts of interest

In 2009, Cor van den Bos announced that his role as Chairman of the Supervisory Board of CED might cause a conflict of interest if CED-related issues were to be discussed by the Supervisory Board of a.s.r. For this reason, any information relating to the planned sale of SOS International was not shared with him in 2015 and this issue was discussed in his absence.

In 2012, Margot Scheltema announced that her appointment as of 1 January 2013 as a deputy member of the Enterprise Division of the Amsterdam Court of Appeal might cause a conflict of interest. In April 2014, she filed a report due to her appointment as Chair of the Monitoring Committee for the Code of the Dutch Pension Funds. These external positions did not lead to potential conflicts of interest in 2015. Margot Scheltema announced in 2015 that she would be appointed to the Supervisory Board of DNB, which is why she planned to resign from the Supervisory Board of a.s.r. She did so with effect from 1 September 2015. There were no reports of potential conflicts of interest involving the other supervisory directors. The Supervisory Board has been able to discharge its duties completely independently.

Contacts with the Works Council

Four Supervisory Board members attended a routine consultative meeting of the Works Council. The supervisory directors have great admiration for the approach taken by the Works Council to major developments affecting a.s.r. Considering the interests of both a.s.r. as a whole and those of its employees, the Works Council prepares thoroughly for the wide range of issues it is presented with, discusses them in constructive dialogue with the executive, and issues well-balanced and considered opinions and recommendations.

Besides routine consultative meetings, the Works Council's executive committee maintains regular contact with the member of the Supervisory Board appointed on the nomination of the Works Council. Two tripartite sessions between the Supervisory Board, the Executive Board, the HR Director and the Works Council was held in 2015 to discuss current affairs. The Supervisory Board was also represented at the annual meeting between the Works Council and the shareholder.

Contacts with shareholder

With effect from 29 September 2011, the shareholder has been represented by NL Financial Investments (NLFI), a trust office. In 2015, contacts with NFLI extended beyond the scheduled AGM and EGM; contacts were initiated on various other occasions as well.

The consultative body formed in 2014 to maintain a dialogue between the Board of NLFI and the Supervisory Board of a.s.r. was also active in 2015. Early in 2015, the body discussed whether it would be advisable and possible for consolidation purposes to acquire Vivat. A joint steering group of representatives of the Executive Board of a.s.r. and NLFI management reported to this consultative body.

Contacts with the independent external auditor
The independent external auditor attended all the Supervisory Board meetings discussing the annual and interim financial results. In this process, the auditor elaborated on the audit reports and answered specific questions put by the supervisory directors. The independent external auditor also attended all meetings of the Audit & Risk Committee. The Chair of the Audit & Risk Committee consulted with the independent external auditor once outside the presence of the other regular attendants of Audit & Risk Committee meetings; one of the topics discussed was the auditor's independence.

Contacts with external regulators and internal control functions
The supervisory directors consulted periodically with the Netherlands Authority for the Financial Markets (AFM) and the Dutch Central Bank. The Audit & Risk Committee spoke twice with the heads of Audit, Integrity and Risk Management (i.e. the internal control functions). The Chair had a one-on-one meeting with each of these directors in 2015.

Appointments

Appointment and reappointment of executive and supervisory directors
Margot Scheltema's resignation as of 1 September caused a change in the composition of the Supervisory Board in 2015. Cor van den Bos was reappointed for a new four-year term in 2015. There were no changes in the composition of the Executive Board.

Kick van der Pol, Annet Aris and Cor van den Bos were appointed as supervisory directors of AXENT NabestaandenZorg N.V. and De Eendragt Pensioen N.V. in 2015. Herman Hintzen was appointed as a supervisory director of ASR Nederland N.V., ASR Levensverzekering N.V., ASR Schadeverzekering N.V., N.V. Amersfoortse Algemene Verzekering Maatschappij, Europeesche Verzekering Maatschappij N.V., De Eendragt Pensioen N.V., AXENT NabestaandenZorg N.V. and ASR Bank N.V. on 1 January 2016.

Meetings of the Supervisory Board and committees
The Supervisory Board met with the Executive Board on ten occasions in 2015. Six meetings were scheduled as routine meetings and four were ad-hoc meetings to discuss specific issues related to a.s.r.'s future potential privatization. The Supervisory Board also held periodic operations meetings.

The Audit & Risk Committee met on six occasions in 2015, while the Selection, Appointment & Remuneration Committee met on four occasions.

Attendance record of supervisory directors (plenary sessions and committee meetings)	Kick van der Pol	Annet Aris	Cor van den Bos	Margot Scheltema
Supervisory Board	9/10	10/10	10/10	8/8
Audit & Risk Committee	-	2/2	6/6	4/4
Selection, Appointment & Remuneration Committee	4/4	4/4	-	-

4.4 Corporate governance

General

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

Partial two-tier regime

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

The company has an Executive Board and a Supervisory Board.

Executive Board

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

Supervisory Board

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

Articles of Association and rules of procedure

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

Rules for appointing and removing executive and supervisory directors

The AGM appoints the members of the Executive Board on the (non-binding) recommendation of the Supervisory Board. After having heard the Supervisory Board, the AGM has the power to suspend or remove a member of the Executive Board. After having heard the AGM, the Supervisory Board has the power to suspend or remove a member of the Executive Board.

The AGM appoints the members of the Supervisory Board on the recommendation of the Supervisory Board. Both the AGM and the Works Council are entitled to nominate supervisory directors. The Supervisory Board duly notifies the AGM and the Works Council as to when and why they are entitled to nominate a supervisory director, stating the profile required of the nominee.

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

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

For details on corporate governance, see the Governance Statement on www.asrnl.com.

Dutch Corporate Governance Code

Although ASR Nederland N.V. – as a non-listed company – is not required to comply with the Dutch Corporate Governance Code, a.s.r. values a transparent governance structure. Accordingly, it complies with the Dutch Corporate Governance Code by applying those principles and best practice provisions that are relevant to it.

Dutch Banking Code

Banks authorized to operate in the Netherlands have been subject to the new Dutch Banking Code since 1 January 2015. This Code, which was drafted by the Dutch Banking Association, contains principles for governance and governance oversight, risk management, audits and remuneration policy.
ASR Bank N.V. is governed by this Code.

Details on how ASR Bank N.V. applies the Dutch Banking Code can be found in its annual report that is available online at www.asrnl.com.

Professional oath

The members of the Executive Board, the Supervisory Board and managing directors of ASR Nederland N.V. have taken the professional oath. New executives and managers take the oath when they join the organization. By taking this oath, executives and managers promise to treat customers fairly, act with integrity and observe all laws, rules and regulations, and codes of conduct so as to increase trust in the financial sector. With effect from 1 January 2013, all decision-makers working in the financial sector have been obliged to take this oath in accordance with the Dutch Oath or Affirmation (Financial Sector) Regulation.

4.5 Remuneration policy

Improving and maintaining the integrity and robustness of a.s.r. is key to the remuneration policy, and the focus is squarely on the long-term interests of all our stakeholders. The aim of the remuneration policy is to motivate employees to work for the interests of customers and other stakeholders within the parameters of the duty of care. The remuneration policy is based on the following principles:

1. The remuneration policy is designed to help achieve a.s.r.'s strategy and targets.
2. The remuneration policy may not restrict a.s.r.'s ability to strengthen its regulatory capital, solvency margin or equity.
3. The remuneration policy complies with prevailing national and international legislation and regulations.
4. The remuneration policy is transparent and applicable in terms of structure and method to all layers of a.s.r.'s management and to all employees covered by the collective bargaining agreement (CBA).
5. The remuneration policy reflects a balance between trust in intrinsic motivation on the one hand and agreement of clear targets and assessment of the performance and remuneration based on these targets on the other.
6. The level of remuneration is slightly lower than the median for the peer group.
7. The target-related remuneration applicable to field representatives, insofar as they are eligible for it, will not exceed 20% of the fixed annual remuneration, and at least 50% of any award will be based on non-financial criteria.
8. In principle, guaranteed variable remuneration will not be awarded unless in accordance with Section 1:124 of the Dutch Financial Supervision Act (WFT).
9. No occasional variable remuneration will be awarded except with the consent of the Supervisory Board and with due observance of the legal requirements (Section 1:122 WFT).
10. Variable remuneration is determined by indicators relating to both customer satisfaction and to financial and risk indicators used to assess the performance of the business.
11. Severance pay awarded by a.s.r. to policy-makers will not exceed 100% of the fixed annual remuneration[1].
12. The claw-back provisions of Sections 1:126 and 1:127 WFT apply to all a.s.r. employees insofar as they are eligible for any form of variable remuneration.
13. The total pay-and-benefits package is sufficiently attractive to allow a.s.r. to compete in the relevant segments of the labour market and attract and retain competent people.
14. The Annual General Meeting of Shareholders (AGM), the Supervisory Board, the Selection, Appointment & Remuneration Committee (SAR Committee), the Executive Board and the control functions play an important role in adopting, implementing and evaluating the remuneration policy. For details, see section 4.1.
15. a.s.r. does not make use of any constructions that make it possible to evade the remuneration policy.
16. The remuneration is evaluated periodically and is modified, if necessary, to ensure compliance with new legislation and regulations or market circumstances.

Governance

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

Pursuant to European directives (CRD IV), governance and risk management procedures are required to be in place for employees qualifying as identified staff. The remuneration policy governing this group of employees is subject to the approval of the Supervisory Board. The Supervisory Board monitors the implementation of this policy by the Executive Board. The group of identified staff includes at least the members of the Executive Board and senior management.

Remuneration groups

In its remuneration policy, a.s.r. distinguishes between five groups, as follows:

1. Executive Board
2. Senior management
3. Higher management
4. Back office
5. Front office

The agreements with employees falling in groups 1, 2 and 3 have been formalized in their individual employment contracts. Groups 4 and 5 are governed by the industry-wide collective bargaining agreement (CBA) for back-office positions and for front-office positions in the insurance sector respectively, and by the CBAs concluded by a.s.r. itself, i.e.:

- CBA selection system for contract hours and pay-and-benefits package;
- CBA job classification and pay structure for back-office positions;
- CBA job classification and pay structure for front-office positions.

1 Based on legislation and regulations, a lower maximum may apply.

Key features of the remuneration system

Until 1 July 2014, the income of senior management, higher management and the CBA population (back-office and front-office) consisted of a fixed and a variable component. The Executive Board has received no variable remuneration since financial year 2011 based on Sections 1:128 and 1:129 WFT and the corresponding transitional provisions. Following the CBA negotiations with the trade unions, the variable remuneration for the CBA population was converted as of 1 July 2014 into a salary increase *and* a fixed supplement. The conversion was also implemented pro rata for a.s.r. as a whole, including higher and senior management. From 1 July 2014 onwards the income of all salary groups including identified staff has consisted only of a fixed salary, with the exception of 115 front-office staff. This group has a fixed pay component and a target-related pay award of up to 20%.

Executive Board

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

Other employees

The fixed pay awarded to employees consists of a fixed gross monthly salary, a fixed allowance (as a result of the conversion of variable pay for those employed at a.s.r. on 1 July 2014), 8% holiday allowance and a 13th salary. The level of fixed pay depends on the weight attributed to an employee's role, the related salary group and the employee's general performance rating (assessment of deliverables and agreements on appropriate conduct). Fixed pay is adjusted for structural wage developments in accordance with the CBA for back-office positions in the insurance industry. The objectives pursued as part of how employees perform their duties are extrapolated from a.s.r.'s strategic targets. a.s.r.'s strategy is based on helping by taking action. This is reflected in KPIs relating to such issues as a customer dashboard, the Customer-Oriented Insurance Quality Mark and the Net Promoter Score. These KPIs form the basis of inspiring individual targets.

Identified staff

Variable remuneration awarded to identified staff before 1 July 2014 will be paid in instalments over the next few years. Identified staff are conditionally awarded a material share (i.e. 50%) of their variable pay in the form of cash and non-cash instruments. The conditional variable pay is deferred for three years; a reappraisal is performed at the end of the three-year period, after which the cash component is paid out. The non-cash component is subject to an additional retention period of two years. Some of the unconditional variable pay is paid out in cash immediately. The non-cash component of the unconditional variable pay is also retained for two years.

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

Target-related pay for front-office staff

The remuneration of front-office staff coming under the CBA job classification and pay structure for front-office positions consists not only of fixed pay, but also of a target-related component. The target-related component is determined by an employee's individual score on quantitative and qualitative targets. The employee and their manager agree on these targets annually. It is established in the following year whether the targets have been achieved. The target-related pay is a percentage of the annual basic pay awarded to the employee. At 1 July 2014, the level of the target-related component was reduced to no more than 20%.

Pension

The principal features of the pension scheme were as follows in 2015:
- Average-pay pension plan;
- Retirement age: 67 years;
- Accrual rate for old-age pension: 1.875% for all salary groups;
- Pensionable salary: fixed annual salary on 1 January of any year (capped at € 100,000 gross, this is offset by a contribution for accruing a net pay pension);
- Partner's pension: 70% of projected old-age pension;
- Orphan's pension: 14% of projected old-age pension;
- Employee contribution: 6% of pensionable earnings;
- Flexible elements: early retirement, deferred retirement, exchange, high/low, part-time;
- a.s.r. does not allow for the award of discretionary pension.

Pre-pension allowance

As a result of statutory pre-pension regulations, a.s.r. removed all pre-pension elements from its pension plans in 2006. Employees who joined a.s.r. before 1 January 2006 were initially compensated for this removal through optimization of their accrual rate and the state pension offset. Where such compensation was inadequate, the employees were awarded a pre-pension allowance, the amount of which varied based on their age and the original pension commitment. The pre-pension allowance for employees who joined a.s.r. after 1 January 2006 was 1% of their pensionable salary.

As a result of the change to the pension plan agreed with the Works Council, an additional pre-pension allowance was introduced with effect from 1 January 2015 for employees who had a pension accrual rate of 2.25% at year-end 2013. The supplementary pre-pension allowance has been set at 2.25%. The allowance is paid until the end date of the (regular) pre-pension allowance, subject to a maximum of five years.

4.6 Closing remark from the Supervisory Board

The members of the Supervisory Board would like to express their gratitude for the efforts of the members of the Executive Board and the openness that they displayed in their dialogue with the Supervisory Board.

The supervisory directors take a positive view of a.s.r.'s implementation of the planned cost savings and its simplification of its organizational structure and processes, as well as the company's approach to consolidation opportunities. Thanks to this firm foundation, a.s.r. will be able to adapt further to ever-changing customer requirements and the rapid changes in the insurance sector, and to do so responsibly and sustainably.

The Supervisory Board appreciates the commitment and energy shown by the employees with respect to the developments in 2015, with a.s.r. continuing on the road towards becoming the 'other insurance company', as well as the organizational changes, acquisitions and planned disposals and the relocation of De Amersfoortse and the announced relocation of Europeesche Verzekeringen to Utrecht. This was reflected in particular in the improved NPS score and the employees' dedication to the organization and its customers, and in the professional way in which the acquisition and integration process was structured and implemented by the Executive Board and senior management. The Supervisory Board would like to express its great appreciation for the drive and commitment it saw in this process, while business as usual continued for everyone at the same time.

Based on past experience, the members of the Supervisory Board have every confidence that the Executive Board and the employees alike will continue to apply themselves in 2016 to adapting a.s.r. to the changing market and treating customers fairly every single day, thereby helping a.s.r. to develop into a truly socially relevant insurer.

Utrecht, the Netherlands, 4 April 2016

The Supervisory Board
Kick van der Pol
Annet Aris
Cor van den Bos
Herman Hintzen

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Chapter 5

2015 consolidated financial statements ASR Nederland N.V.

5.1 Consolidated financial statements

5.1.1 Consolidated balance sheet

(before profit appropriation)

(in € millions)	Note	31 December 2015	31 December 2014 (restated)	31 December 2013 (restated)
Intangible assets	5.7	272	139	253
Property, plant and equipment	5.8	166	140	97
Investment property	5.9	2,667	2,833	2,759
Associates and joint ventures	5.10	20	42	42
Investments	5.11	25,063	22,963	19,688
Investments on behalf of policyholders	5.11	7,924	7,957	7,705
Loans and receivables	5.11	10,486	9,607	8,794
Derivatives	5.11	2,196	3,435	1,054
Deferred tax assets	5.12	516	247	14
Reinsurance contracts	5.16	611	419	407
Other assets	5.13	711	737	718
Cash and cash equivalents	5.11	2,628	3,135	1,521
Assets held for sale	5.36	78	-	-
Total assets		**53,338**	**51,654**	**43,052**
Share capital	5.14	100	100	100
Share premium reserve		962	962	962
Unrealized gains and losses	5.14	686	737	581
Actuarial gains and losses	5.14	-467	-634	-107
Retained earnings		2,293	1,863	1,624
Total equity attributable to shareholders		**3,574**	**3,028**	**3,160**
Other equity instruments	5.14	701	701	515
Equity attributable to holders of equity instruments		**4,275**	**3,729**	**3,675**
Non-controlling interests	5.14	-16	-20	-18
Total equity		**4,259**	**3,709**	**3,657**
Subordinated liabilities	5.15	497	-	-
Liabilities arising from insurance contracts	5.16	30,573	28,226	23,893
Liabilities arising from insurance contracts on behalf of policyholders	5.16	9,997	9,779	8,992
Employee benefits	5.17	2,962	3,123	2,426
Provisions	5.18	50	38	36
Borrowings	5.19	55	117	98
Derivatives	5.11	377	387	535
Deferred tax liabilities	5.12	-	-	-
Due to customers	5.20	1,760	1,949	1,366
Due to banks	5.21	1,804	3,277	677
Other liabilities	5.22	966	1,049	1,372
Liabilities relating to assets held for sale	5.36	38	-	-
Total liabilities		**49,079**	**47,945**	**39,395**
Total liabilities and equity		**53,338**	**51,654**	**43,052**

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

a.s.r. has voluntarily changed its accounting policy. With effect from 1 January 2015, investment property and property for own use are valued at fair value, and all costs incurred to acquire insurance contracts (acquisition costs) will be charged to the income statement generally within one year.

Changes in presentation have also been made to conform to current period presentation.

Due to the retrospective treatment the comparative figures for 2014 and 2013 have been restated accordingly (see chapter 5.2.1 for a more detailed description of the changes and the effects on the consolidated financial statements and for an explanation of the inclusion of the 2013 comparative figures).

5.1.2 Consolidated income statement

(in € millions)	Note	2015	2014 (restated)	2013 (restated)
Continuing operations				
Gross premiums written		4,092	3,787	3,923
Change in provision for unearned premiums		16	-4	1
Gross insurance premiums	5.23	**4,108**	**3,783**	**3,924**
Reinsurance premiums		-343	-140	-164
Net insurance premiums		**3,765**	**3,643**	**3,760**
Investment income	5.24	1,360	1,432	1,500
Realized gains and losses	5.24	716	451	373
Fair value gains and losses	5.24	922	565	304
Result on investments on behalf of policyholders		559	841	767
Fee and commission income	5.25	52	35	45
Other income	5.26	85	203	181
Share of profit/(loss) of associates and joint ventures		1	4	15
Total income		**3,695**	**3,531**	**3,185**
Insurance claims and benefits	5.27	-5,541	-5,197	-5,113
Insurance claims and benefits recovered from reinsurers	5.27	291	100	110
Net insurance claims and benefits		**-5,250**	**-5,097**	**-5,003**
Operating expenses	5.28	-575	-524	-529
Restructuring provision expenses		-30	-28	-24
Commission expenses		-369	-387	-427
Impairments	5.29	29	-101	-39
Interest expense	5.30	-243	-315	-357
Other expenses	5.31	-242	-188	-249
Total expenses		**-1,430**	**-1,543**	**-1,625**
Profit before tax		**780**	**534**	**317**
Income tax (expense) / gain	5.32	-150	-108	-74
Profit after tax from continuing operations		**630**	**426**	**243**
Discontinued operations				
Profit (loss) from discontinued operations net of tax	5.36	-26	-5	-1
Profit for the year		**604**	**421**	**242**
Attributable to:				
- Attributable to non-controlling interests		3	-2	-5
- Shareholders of the parent		567	342	214
- Holders of other equity instruments		45	108	44
- Tax on interest of other equity instruments		-11	-27	-11
Profit attributable to holders of equity instruments		**601**	**423**	**247**

Earnings per share (in €)	Note	2015	2014	2013
Basic earnings per share from continuing operations	5.14	2,965	1,735	1,075
Basic earnings per share from discontinued operations	5.14	-130	-25	-5
Basic earnings per share		**2,835**	**1,710**	**1,070**

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

a.s.r. has voluntarily changed its accounting policy. With effect from 1 January 2015, investment property and property for own use are valued at fair value, and all costs incurred to acquire insurance contracts (acquisition costs) will be charged to the income statement generally within one year. Changes in presentation have also been made.
Due to the retrospective treatment the comparative figures for 2014 and 2013 have been restated accordingly (see chapter 5.2.1 for a more detailed description of the changes and the effects on the consolidated financial statements and for an explanation of the inclusion of the 2013 comparative figures).

5.1.3 Consolidated statement of comprehensive income

	Note	2015	2014 (restated)	2013 (restated)
Profit for the year		**604**	**421**	**242**
Remeasurements of post-employment benefit obligation	5.17	220	-704	156
Unrealized change in value of property for own use	5.8	5	-	-
Income tax on items that will not be reclassified to profit or loss		-54	177	-39
Total items that will not be reclassified to profit or loss		**171**	**-527**	**117**
Unrealized change in value of available-for-sale financial assets	5.11	-877	1,643	-502
Shadow accounting	5.16	786	-1,407	620
Segregated investment pools		15	-25	-34
Share of other comprehensive income of associates and joint ventures		-	-6	-3
Unrealized change in value of cash flow hedges		-	1	2
Tax relating to components of other comprehensive income		21	-50	-3
Total items that may be reclassified subsequently to profit and loss		**-55**	**156**	**80**
Total other comprehensive income for the year, after tax		**116**	**-371**	**197**
Total comprehensive income		**720**	**50**	**439**
Attributable to:				
- Attributable to non-controlling interests		3	-2	-5
- Shareholders of the parent		683	-29	411
- Holders of other equity instruments		45	108	44
- Tax on interest of other equity instruments		-11	-27	-11
Total comprehensive income attributable to holders of equity instruments		**717**	**52**	**444**

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

Shadow accounting allows a recognized but unrealized gain or loss on an asset to be transferred to insurance liabilities and liabilities arising from insurance contracts (see accounting policy J, chapter 5.2.2).

5.1.4 Consolidated statement of changes in equity

(in € millions)	Share capital	Share premium reserve	Unrealized gains and losses	Actuarial gains and losses (pension obligation)	Retained earnings	Equity attributable to shareholders	Other equity instruments	Non controlling interest	Total equity
At 1 January 2013	100	962	501	-224	822	2,161	515	-13	2,663
Change in accounting policy	-	-	-	-	676	676	-	-	676
Opening balance 2013 (restated)	**100**	**962**	**501**	**-224**	**1,498**	**2,837**	**515**	**-13**	**3,339**
Profit for the year	-	-	-	-	247	247	-	-5	242
Total other comprehensive income	-	-	80	117	-	197	-	-	197
Total comprehensive income	**-**	**-**	**80**	**117**	**247**	**444**	**-**	**-5**	**439**
Dividend paid	-	-	-	-	-88	-88	-	-	-88
Discretionary interest on other equity instruments	-	-	-	-	-44	-44	-	-	-44
Tax relating to interest on other equity instruments	-	-	-	-	11	11	-	-	11
At 31 December 2013 (restated)	**100**	**962**	**581**	**-107**	**1,624**	**3,160**	**515**	**-18**	**3,657**
At 1 January 2014 (restated)	100	962	581	-107	1,624	3,160	515	-18	3,657
Profit for the year	-	-	-	-	423	423	-	-2	421
Total other comprehensive income	-	-	156	-527	-	-371	-	-	-371
Total comprehensive income	**-**	**-**	**156**	**-527**	**423**	**52**	**-**	**-2**	**50**
Dividend paid	-	-	-	-	-99	-99	-	-	-99
Discretionary interest on other equity instruments	-	-	-	-	-108	-108	-	-	-108
Tax relating to interest on other equity instruments	-	-	-	-	27	27	-	-	27
Issue of other equity instruments	-	-	-	-	-	-	497	-	497
Redemption of other equity instruments	-	-	-	-	-	-	-311	-	-311
Cost of issue of other equity instruments	-	-	-	-	-2	-2	-	-	-2
Other	-	-	-	-	-2	-2	-	-	-2
At 31 December 2014 (restated)	**100**	**962**	**737**	**-634**	**1,863**	**3,028**	**701**	**-20**	**3,709**
At 1 January 2015	100	962	737	-634	1,863	3,028	701	-20	3,709
Profit for the year	-	-	-	-	601	601	-	3	604
Total other comprehensive income	-	-	-51	167	-	116	-	-	116
Total comprehensive income	**-**	**-**	**-51**	**167**	**601**	**717**	**-**	**3**	**720**
Dividend paid	-	-	-	-	-139	-139	-	-4	-143
Discretionary interest on other equity instruments	-	-	-	-	-45	-45	-	-	-45
Tax relating to interest on other equity instruments	-	-	-	-	11	11	-	-	11
Capital investment non controlling interest	-	-	-	-	-	-	-	5	5
Other	-	-	-	-	2	2	-	-	2
At 31 December 2015	**100**	**962**	**686**	**-467**	**2,293**	**3,574**	**701**	**-16**	**4,259**

Unrealized gains and losses include shadow accounting adjustments (see accounting policy J, chapter 5.2.2). For more detailed information on the unrealized gains and losses, see chapter 5.14.2.

The change in accounting policy is a result of the voluntary changes to the accounting policies for investment property, property for own use and costs to acquire insurance contracts (acquisition costs). See chapter 5.2.1 for a more detailed description of the changes and the effects on the consolidated financial statements.

The actuarial gains and losses (after tax) primarily increased by € 167 million (€ 220 million before tax) (2014: decreased by € 527 million after tax; 2013 increased € 117 million after tax) due to an increase (2014 decrease, 2013 increase) in the discount rate of the benefit pension obligation.

5.1.5 Consolidated statement of cash flows

The table below represents the cash flows from continuing and discontinued operations. Cash flows specifically related to discontinued operations are included in chapter 5.36. a.s.r. believes that this disclosure is relevant for users of financial statements to fully understanding of the cash flow and the relationship with other statements.

	2015	2014 (restated)	2013 (restated)
Cash and cash equivalents as at 1 January	**3,135**	**1,521**	**2,556**
Cash generated from operating activities			
Profit before tax [1]	754	529	317
Adjustments on non-cash items included in profit:			
Revaluation through profit and loss	-150	-16	-1
Retained share of profit of associates and joint ventures	-3	9	13
Amortization/depreciation:			
- Intangible assets	15	20	21
- Property, plant and equipment	10	9	9
Amortization of investments	79	55	47
Amortization of subordinated liabilities	1	-	-
Impairments	-6	118	91
Changes in operating assets and liabilities:			
Net (increase) / decrease in investment property	310	-94	-
Net (increase) / decrease in investments	264	-1,666	376
Net (increase) / decrease in investments on behalf of policyholders	107	-284	168
Net (increase) / decrease in derivatives	1,229	-2,529	1,316
Net (increase) / decrease in amounts due from and to customers	-1,177	-135	-1,251
Net (increase) / decrease in amounts due from and to credit institutions	-1,504	2,483	-1,332
Net (increase) / decrease in trade and other receivables	124	81	8
Net (increase) / decrease in reinsurance contracts	-192	-12	38
Net increase / (decrease) in liabilities arising from insurance contracts	-37	2,888	-892
Net increase / (decrease) in liabilities arising from insurance contracts on behalf of policyholders	144	787	32
Net (increase) / decrease in other operating assets and liabilities	95	-271	369
Net (increase) / decrease in assets and liabilities relating to held for sale	3	-	-
Income tax received (paid)	-551	-289	-140
Cash flows from operating activities	**-485**	**1,683**	**-811**
Cash flows from investing activities			
Investments in associates and joint ventures	-7	-10	-4
Purchases of property, plant and equipment	-37	-57	-50
Purchases of group companies (less acquired cash positions)	-248	-	-
Purchase of intangible assets	-1	-	-8
Cash flows from investing activities	**-293**	**-67**	**-62**

1 Profit before tax includes results from continuing operations of € 780 million (2014: € 534 million; 2013: € 317 million) as well as results from discontinued operations of € -33 million (after tax € -26 million), for 2014 € -5 million (after tax € -5 million), for 2014 € -1 million (after tax € -1 million).

	2015	2014 (restated)	2013 (restated)
Cash flows from financing activities			
Issue of subordinated liabilities	498	-	-
Proceeds from issues of borrowings	6	29	27
Repayment of borrowings	-40	-8	-57
Dividend paid	-139	-99	-88
Discretionary interest to holders of equity instruments	-45	-108	-44
Non-controlling interests	-4	-	-
Issue of other equity instruments	-	497	-
Redemption of other equity instruments	-	-311	-
Costs of issue of other equity instruments	-	-2	-
Costs of issue of subordinated liabilities	-2	-	-
Cash flows from financing activities	**274**	**-2**	**-162**
Cash and cash equivalents as at 31 December	**2,631**	**3,135**	**1,521**
Further details on cash flows from operating activities			
Interest received	1,555	1,260	1,337
Interest paid	-175	-250	-260
Dividends received	45	39	43

	2015	2014 (restated)	2013 (restated)
Total cash and cash equivalents			
Cash and cash equivalents from continuing operations	2,628	3,135	1,521
Cash and cash equivalents classified as Assets held for sale	3	-	-
Total cash and cash equivalents as at 31 December	**2,631**	**3,135**	**1,521**

5.2 Accounting policies

5.2.1 Changes in accounting policies and presentation as of 1 January 2015

a.s.r. has made voluntary changes in its accounting policies for investment property, property for own use and deferred acquisition costs (DAC) as of 1 January 2015. The DNB solvency ratio remains unchanged following these voluntary changes. In accordance with IFRS the changes in accounting policy for investment property and DAC are applied retrospectively whereby the 2014 and 2013 comparative figures are restated. The change for property for own use is applied prospectively as a revaluation with effect from 1 January 2015 and the 2014 and 2013 comparative figures are not restated. The change in accounting policy results in an increase of total equity as at 31 December 2014 of € 682 million (2013: € 642 million) which results in total equity after tax from € 3,027 million (2013: € 3,015 million) to € 3,709 million (2013: € 3,657 million).

Investment property and property for own use

a.s.r.'s accounting policy until and including 2014 was to recognize investment property and property held for own use at using the cost model (cost less accumulated depreciation and impairments, if any). With effect from 1 January 2015, all investment property and property held for own use were measured using the fair value model. This voluntary change in accounting policy is effected as it provides the users of the financial statements with more meaningful information as the fair value model is used in the DNB Regulatory Solvency and Solvency II methodology and to enhance comparability with peers. This change in accounting policy will enhance the ability to understand a.s.r.'s financial position taking into account industry trends.

As per 1 January 2013 the fair value of the investment property amounted to € 3,000 million, an increase of € 1,226 million compared to the value under a cost model. The 2014 and 2013 comparative figures for property for own use are not restated. See chapter 5.2.2. sub E and 5.2.3 sub U for the revised accounting policy for investment property and property and equipment.

Deferred acquisition costs

a.s.r.'s accounting policy until and including 2014 was to capitalize commission fees for non-life and life insurance contracts and to amortize it over the period over which the relevant premiums are realized. The deferred acquisition costs (DAC) capitalized as at 31 December 2014 amounted to € 213 million. As per 1 January 2014 the capitalized acquisition costs amounted to € 241 million of which € 28 million was amortized in 2014.

With effect from 1 January 2015, all costs incurred to acquire insurance contracts (acquisition costs) are charged directly to the income statement, generally within one year. This voluntary change in accounting policy is effected as it provides the users of the financial statements with more meaningful information, considering the effects of the changes in legislation enacted in recent years. Furthermore, to ensure matching of premium earned and the commission paid within the Non-life segment the prepaid commissions are included in other assets and these expenses are incurred in line with the premium earned, generally within one year. This change in accounting policy will enhance the ability to understand a.s.r.'s financial position taking into account industry trends and cost-benefit considerations and furthermore, retaining consistency in the accounting policy for a.s.r.'s Non-life and Life segment.

Changes in presentation

In 2015 a.s.r. changed the presentation of some items, as a result of:

- Classification of assets and related liabilities as discontinued operations (please refer to chapter 5.36);
- The identified segments for the non-insurance activities;
- The inclusion of comparative figures 2013;
- Other changes in presentation.

With effect from 1 January 2015 a.s.r. has made changes to its identified segments. The non-insurance activities are presented as four separate segments being the Banking and Asset Management, Distribution and Services, Holding and Other and Real Estate Development segment. This presentation change has been made to provide more detailed information regarding the non-insurance activities, consistent with the market and a.s.r. developments in these segments.

As a result of these changes in accounting policy and presentation changes, a.s.r. has chosen to present two comparative years in the 2015 consolidated financial statements. The comparative figures for 2014 and 2013 (being the 2013 restated figures as included in the 2014 consolidated financial statements) have been restated for the changes in accounting policy and presentation.

As from 1 January 2015 a.s.r. presents the savings components of savings linked mortgage insurances for the hybrid type insurance contracts included in Insurance contracts on behalf of policy holders under loans and receivables. Prior, the savings components were included in Investments on behalf of policyholders.

In addition to the change in accounting policies and the changes in presentation as disclosed above, the current presentation differs from last year's presentation in some other minor aspects. Where applicable, in accordance with IFRS, comparative figures have been included in the new presentation format to ensure comparability.

Financial impact of changes in accounting policies and changes in presentation

The balance sheet is impacted by changes in the accounting policy and the reclassifications as at 1 January 2013, 31 December 2013 and 31 December 2014. The income statement is impacted by the changes in accounting policy and presentation for the year's ended 31 December 2013 and 31 December 2014.

Furthermore, in line with IFRS accounting requirements, the income statement and statement of comprehensive income have been restated for all operations that are classified as discontinued operations as at 31 December 2015. As a consequence, the restated prior year income statement and statement of comprehensive income are not entirely comparable to the prior year audited financial statements. In contrast, the balance sheet and cash flow information for the comparative periods 2013 and 2014 have neither been restated nor re-measured, in accordance with IFRS accounting requirements. (see also chapter 5.36 for further detail regarding the discontinued operations).

The detailed impact of the changes in accounting policy and the reclassifications on the balance sheets as at 1 January 2013, 31 December 2013 and 31 December 2014 and income statement for the year ended 31 December 2013 and 31 December 2014 for the changes which have been applied retrospectively are as follows (amounts in € millions):

Balance sheet as at 31 December 2014	As reported	Changes in accounting policies	Changes in presentation	Restated
Intangible assets	139	-	-	139
Deferred acquisition costs	213	-213	-	-
Property, plant and equipment	140	-	-	140
Investment property	1,764	1,069	-	2,833
Associates and joint ventures	42	-	-	42
Investments	22,963	-	-	22,963
Investments on behalf of policyholders	8,333	-	-376	7,957
Loans and receivables	9,231	-	376	9,607
Derivatives	3,435	-	-	3,435
Deferred tax assets	478	-231	-	247
Reinsurance contracts	419	-	-	419
Other assets	677	60	-	737
Cash and cash equivalents	3,135	-	-	3,135
Total assets	**50,969**	**685**		**51,654**
Total equity attributable to shareholders	3,047	682	-	3,729
Equity attributable to holders of equity instruments	-20	-	-	-20
Total equity	**3,027**	**682**		**3,709**
Liabilities arising from insurance contracts	28,223	3	-	28,226
Liabilities arising from insurance contracts on behalf of policyholders	9,779	-	-	9,779
Employee benefits	3,123	-	-	3,123
Provisions	38	-	-	38
Borrowings	117	-	-	117
Derivatives	387	-	-	387
Due to customers	1,949	-	-	1,949
Due to banks	3,277	-	-	3,277
Other liabilities	1,049	-	-	1,049
Total liabilities	**47,942**	**3**	**-**	**47,945**
Total liabilities and equity	**50,969**	**685**	**-**	**51,654**

Profit and loss 2014	As reported	Changes in accounting policies	Changes in presentation	Restated
Continuing operations				
Gross premiums written	3,787	-	-	3,787
Change in provision for unearned premiums	-4	-	-	-4
Gross insurance premiums	**3,783**	**-**	**-**	**3,783**
Reinsurance premiums	-140	-	-	-140
Net insurance premiums	**3,643**	**-**	**-**	**3,643**
Investment income	1,417	-1	16	1,432
Realized gains and losses	497	-46	-	451
Fair value gains and losses	533	32	-	565
Result on investments on behalf of policyholders	858	-	-17	841
Fee and commission income	35	-	-	35
Other income	238	-3	-32	203
Share of profit/(loss) of associates and joint ventures	-4	-	8	4
Total income	**3,574**	**-18**	**-25**	**3,531**
Insurance claims and benefits	-5,214	1	16	-5,197
Insurance claims and benefits recovered from reinsurers	100	-	-	100
Net insurance claims and benefits	**-5,114**	**1**	**16**	**-5,097**
Operating expenses	-541	-	17	-524
Restructuring provision expenses	-29	1	-	-28
Commission expenses	-413	26	-	-387
Impairments	-118	17	-	-101
Interest expenses	-315	-	-	-315
Other expenses	-214	29	-3	-188
Total expenses	**-1,630**	**73**	**14**	**-1,543**
Profit before tax	**473**	**56**	**5**	**534**
Income tax (expense) / gain	-94	-14	-	-108
Profit after tax from continuing operations	**379**	**42**	**5**	**426**
Discontinued operations				
Profit (loss) from discontinued operations net of tax	-	-	-5	-5
Profit for the year	**379**	**42**	**-**	**421**
Attributable to:				
- Attributable to non-controlling interests	-2	-	-	-2
- Shareholders	300	42	-	342
- Holders of other equity instruments	108	-	-	108
- Tax on interest of other equity instruments	-27	-	-	-27
Profit attributable to holders of equity instruments	381	42	-	423

Balance sheet as at 31 December 2013	As reported	Changes in accounting policies	Changes in presentation	Restated
Intangible assets	253	-	-	253
Deferred acquisition costs	241	-241	-	-
Property, plant and equipment	97	-	-	97
Investment property	1,717	1,042	-	2,759
Associates and joint ventures	42	-	-	42
Investments	19,688	-	-	19,688
Investments on behalf of policyholders	8,049	-	-344	7,705
Loans and receivables	8,489	-	305	8,794
Derivatives	1,054	-	-	1,054
Deferred tax assets	228	-214	-	14
Reinsurance contracts	407	-	-	407
Other assets	659	59	-	718
Cash and cash equivalents	1,521	-	-	1,521
Total assets	**42,445**	**646**	**-39**	**43,052**
Total equity attributable to shareholders	3,033	642	-	3,675
Equity attributable to holders of equity instruments	-18	-	-	-18
Total equity	**3,015**	**642**	**-**	**3,657**
Liabilities arising from insurance contracts	23,928	4	-39	23,893
Liabilities arising from insurance contracts on behalf of policyholders	8,992	-	-	8,992
Employee benefits	2,426	-	-	2,426
Provisions	36	-	-	36
Borrowings	98	-	-	98
Derivatives	535	-	-	535
Due to customers	1,366	-	-	1,366
Due to banks	677	-	-	677
Other liabilities	1,372	-	-	1,372
Total liabilities	**39,430**	**4**	**-39**	**39,395**
Total liabilities and equity	**42,445**	**646**	**-39**	**43,052**

Profit and loss 2013	As reported	Changes in accounting policies	Changes in presentation	Restated
Continuing operations				
Gross premiums written	3,923	-	-	3,923
Change in provision for unearned premiums	1	-	-	1
Gross insurance premiums	**3,924**	**-**	**-**	**3,924**
Reinsurance premiums	-164	-	-	-164
Net insurance premiums	**3,760**	**-**	**-**	**3,760**
Investment income	1,484	-	16	1,500
Realized gains and losses	486	-113	-	373
Fair value gains and losses	348	-44	-	304
Result on investments on behalf of policyholders	783	-	-16	767
Fee and commission income	45	-	-	45
Other income	205	-	-24	181
Share of profit/(loss) of associates and joint ventures	14	-	1	15
Total income	**3,365**	**-157**	**-23**	**3,185**
Insurance claims and benefits	-5,122	1	8	-5,113
Insurance claims and benefits recovered from reinsurers	110	-	-	110
Net insurance claims and benefits	**-5,012**	**1**	**8**	**-5,003**
Operating expenses	-547	-	18	-529
Restructuring provision expenses	-24	-	-	-24
Commission expenses	-455	28	-	-427
Impairments	-91	52	-	-39
Interest expenses	-357	-	-	-357
Other expenses	-279	32	-2	-249
Total expenses	**-1,753**	**112**	**16**	**-1,625**
Profit before tax	**360**	**-44**	**1**	**317**
Income tax (expense) / gain	-84	10	-	-74
Profit after tax from continuing operations	**276**	**-34**	**1**	**243**
Discontinued operations				
Profit (loss) from discontinued operations net of tax	-	-	-1	-1
Profit for the year	**276**	**-34**	**-**	**242**
Attributable to:				
- Attributable to non-controlling interests	-5	-	-	-5
- Shareholders	248	-34	-	214
- Holders of other equity instruments	44	-	-	44
- Tax on interest of other equity instruments	-11	-	-	-11
Profit attributable to holders of equity instruments	**281**	**-34**	**-**	**247**

Balance sheet as at 1 January 2013	As reported	Changes in accounting policies	Changes in presentation	Restated
Intangible assets	269	-	-	269
Deferred acquisition costs	271	-271	-	-
Property, plant and equipment	75	-	-	75
Investment property	1,774	1,226	-	3,000
Associates and joint ventures	213	-154	-	59
Investments	20,547	23	-	20,570
Investments on behalf of policyholders	8,217	-	-304	7,913
Loans and receivables	7,197	2	273	7,472
Derivatives	2,201	-	-	2,201
Deferred tax assets	12	-12	-	-
Reinsurance contracts	445	-	-	445
Other assets	718	97	-	815
Cash and cash equivalents	2,556	5	-	2,561
Total assets	**44,495**	**916**	**-31**	**45,380**
Total equity attributable to shareholders	2,676	676	-	3,352
Equity attributable to holders of equity instruments	-13	-	-	-13
Total equity	**2,663**	**676**	**-**	**3,339**
Liabilities arising from insurance contracts	25,440	5	-31	25,414
Liabilities arising from insurance contracts on behalf of policyholders	8,926	-	-	8,926
Employee benefits	2,548	-	-	2,548
Provisions	31	-	-	31
Borrowings	126	10	-	136
Derivatives	366	-	-	366
Deferred tax liabilities	-	214	-	214
Due to customers	1,415	-	-	1,415
Due to banks	1,882	-	-	1,882
Other liabilities	1,098	11	-	1,109
Total liabilities	**41,832**	**240**	**-31**	**42,041**
Total liabilities and equity	**44,495**	**916**	**-31**	**45,380**

The change in accounting policies in relation to the restated opening balance as at 1 January 2013 not only includes the retrospective 2015 accounting policy change of the DAC and investment property, but also required retrospective changes as a result of new or amended IFRS standards as adopted by the EU.

The changes have also been recognized in the relevant notes to the consolidated financial statements.

As a result of the voluntary change in accounting policy the profit after tax for the year 2015 has increased by € 71 million and equity has increased by € 75 million. The increase in profit before tax for the year 2015 primarily relates to the (un)realized gains and losses on investment property (€ 48 million), amortization of investment property (€ 28 million) and amortization of DAC (€ 24 million). The increase in equity is the result of the increase in profit for the year 2015 and the revaluation of the property for own use amounting to € 4 million (€ 5 million gross).

The tables in chapter 5.5 Group structure and segment information, Notes to the consolidated balance sheet and Notes to the consolidated income statement are reconciled to the continuing balance sheet and continuing profit and loss unless stated otherwise. Refer to chapter 5.36 Discontinued operations and assets and liabilities held for sale for further information.

Other changes

The following other changes in the EU-endorsed IFRS standards and IFRIC interpretations are effective from 1 January 2015.

- Amendment to IAS 19 Employee Benefits: Defined Benefit Plans – Employee contributions;
- Annual improvements to IFRSs 2010-2012 cycle: a collection of non-urgent amendments to IFRSs, in response to issues;
- Annual improvements to IFRSs 2011-2013 cycle: a collection of non-urgent amendments to IFRSs, in response to issues.

Except for the change in accounting policy as a result of the voluntary changes in accounting policy as mentioned above, these changes have no material effect on the total equity attributable to shareholders or profit or loss for the reporting period of a.s.r.

Changes in EU endorsed published IFRS Standards and Interpretations effective in 2016
The following changes in the EU-endorsed IFRS standards and IFRIC interpretations are effective from 1 January 2016:
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation.
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations.
- Amendments to IAS 16 and IAS 41: Bearer Plants.
- Amendments to IAS 27: Equity Method in Separate Financial Statements.
- Amendments to IAS 1: Disclosure Initiative.
- Annual improvements to IFRSs 2012-2014 cycle: a collection of non-urgent amendments to IFRSs, in response to issues.

These changes have no material effect on the total equity attributable to shareholders or profit or loss for the (interim) reporting period of a.s.r.

5.2.2 Key accounting policies

A. Statement of compliance
The consolidated financial statements of a.s.r. have been prepared in accordance with the International Financial Reporting Standards (IFRS) – including the International Accounting Standards (IAS) and Interpretations – as adopted by the European Union (EU), and with the financial reporting requirements included in Title 9, Book 2 of the Dutch Civil Code, where applicable.

The consolidated financial statements are presented in euros (€), being the functional currency of a.s.r. and all its group entities. All amounts quoted in the tables contained in these financial statements are in millions of euros, unless otherwise indicated.

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

B. Estimates and assumptions
The preparation of the financial statements requires a.s.r. to make estimates, assumptions and judgements in applying accounting policies that have an effect on the reported amounts in the financial statements.

These relate primarily to the following:
- the fair value and impairments of unlisted financial instruments (see accounting policy C and F);
- the estimated useful life, residual value and fair value of property, plant and equipment, investment property, and intangible assets (see accounting policy D, E and U);
- the measurement of liabilities arising from insurance contracts (see accounting policy J);
- actuarial assumptions used for measuring employee benefit obligations (see chapter 5.17);
- when forming provisions, the required estimate of existing obligations arising from past events;
- the recoverable amount of impaired assets (see accounting policy C, F and H).

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

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

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

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

Level 1. Fair value based on quoted prices in an active market
Level 1 includes assets and liabilities whose value is determined by quoted (unadjusted) prices in the primary active market for identical assets or liabilities.

A financial instrument is quoted in an active market if:
- quoted prices are readily and regularly available (from an exchange, dealer, broker, sector organization, third party pricing service, or a regulatory body); and
- these prices represent actual and regularly occurring transactions on an arm's length basis.

Financial instruments in this category primarily consist of bonds and equities listed in active markets. Cash and cash equivalents are also included as level 1.

1 Not measured at fair value on the balance sheet (non-recurring) for which the fair value is disclosed.

Level 2. Fair value based on observable market data

Determining fair value on the basis of Level 2 involves the use of valuation techniques that use inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices of identical or similar assets and liabilities). These observable inputs are obtained from a broker or third party pricing service and include:

- quoted prices in active markets for similar (not identical) assets or liabilities;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- input variables other than quoted prices observable for the asset or liability. These include interest rates and yield curves observable at commonly quoted intervals, volatility, early redemptions spreads, loss ratio, credit risks and default percentages.

This category primarily includes:

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

Financial instruments: unlisted fixed-interest preference shares and interest rate contracts

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

Financial instruments: Loans and receivables

The fair value of the loans and receivables is based on the discounted cash flow method. It is obtained by calculating the present value based on expected future cash flows and assuming an interest rate curve used in the market that includes an additional spread based on the risk profile of the counterparty.
The valuation method used to determine the fair value of a.s.r.'s mortgage portfolio bases the spread on the interest rate curve for discounting the mortgage portfolio cash flows on consumer rates.

Other non-financial assets and liabilities

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

Level 3. Fair value not based on observable market data

At Level 3, the fair value of the assets and liabilities is determined using valuation techniques for which significant inputs are not based on observable market data. In these situations, there can also be marginally active or inactive markets for the assets or the liabilities. The financial assets and liabilities in this category are assessed individually.

Valuation techniques are used to the extent that observable inputs are not available. The basic principle of fair value measurement is still to determine a fair, arm's length price. Unobservable inputs therefore reflect management's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are generally based on the available observable data (adjusted for factors that contribute towards the value of the asset) and own source information.

This category primarily includes:

- financial instruments: private equity investments (or private equity partners);
- investment property and property for own use.

Financial instruments: private equity investments

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

Fair value for investment property and buildings for own use

The following categories of investment properties and buildings for own use is recognized and methods of calculating fair value are distinguished:

- residential – based on reference transaction and DCF method;
- retail – based on reference transaction and income capitalization method;
- rural – based on reference transaction and DCF method;
- offices – based on reference transaction and DCF method (including buildings for own use);
- other – based on reference transaction and DCF method;
- under construction - based on both DCF and income capitalization method.

The following valuation methods are available for the calculation of fair value by the external professional appraisers for investment property and buildings for own use:

Reference transactions

Independent professional appraisers use transactions in comparable properties as a reference for determining the fair value of the property. The reference transactions of comparable objects are generally based on observable data consisting of the land register 'Kadaster' and the rural land price monitor as published by the Dutch government 'grondprijsmonitor' in an active property market and in some instances accompanied by own use information.
The external professional appraisers, valuate the property using the reference transaction in combination with the following valuation methods to ensure the appropriate valuation of the property:

- DCF method;
- income capitalization method.

DCF method
Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on the investment property dependent on the duration of the lease contracts.

A market-derived discount rate is applied to these projected cash flow series in order to establish the present value of the cash flows associated with the asset. The exit yield is normally determined separately, and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of investment property. Periodic cash flow is typically estimated as gross rental income less vacancy (apart from the rural category), non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

For the categories residential, offices and other in applying the DCF method, the significant inputs are the discount rate and market rental value. These inputs are verified with the following market observable data (that are adjusted to reflect the state and condition, location, development potential etc. of the specific property):
- market rent per square meter for renewals and their respective re-letting rates;
- the 10 year discount rate as published by the Dutch Central Bank.

When applying the DCF method for rural valuations, the significant inputs are the discount rate and market lease values. These inputs are verified with the following market observable data (that are adjusted to reflect the state and condition, location, development potential etc. of the specific property):
- market value per acre per region in accordance with the 'rural land price monitor';
- 10 Year Dutch Government Bond Yield (%) as published by the Dutch Central Bank.

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

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

The fair value of investment properties and buildings for own use, are appraised annually. Valuations are conducted by independent professional appraisers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the property being valued. Market value property valuations were prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards, 7th Edition (the 'Red Book'). a.s.r. provides adequate information to the professional appraisers, in order to conduct a comprehensive valuation. The professional appraisers are changed or rotated at least once every three years.

The accounting policies for the treatment of investment property and buildings for own use is described in accounting policy E and U respectively. The fair value of investment property and buildings for own use is disclosed in chapter 5.6, 5.8 and 5.9.

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

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

Goodwill has an indefinite useful life and is not amortized. a.s.r. performs an impairment test annually, or more frequently if events or circumstances so warrant, to ascertain whether goodwill has been subject to impairment. As part of this, the carrying amount of the cash-generating unit to which the goodwill has been allocated is compared with its recoverable amount. The recoverable amount is the higher of a cash-generating unit's fair value less costs to sell and value in use. The carrying value is determined as the net asset value including goodwill. The methodologies applied to arrive at the best estimate of the recoverable amount involves two steps.

In the first step of the impairment test, the best estimate of the recoverable amount of the CGU to which goodwill is allocated is determined separately based on Price to Earnings or Price to EBITDA ratios. The ratio(s) used per CGU depends on the characteristics of the entity in question. The main assumptions in this valuation are the multiples for the aforementioned ratios. These are developed internally but are either derived from or corroborated against market information that is related to observable transactions in the market for comparable businesses.

If the outcome of the first step indicates that the difference between the recoverable amount and the carrying value may not be sufficient to support the amount of goodwill allocated to the CGU, an additional analysis is performed in order to determine a recoverable amount in a manner that better addresses the specific characteristics of the relevant CGU.

The additional analysis is based on an internal model, wherein managements assumptions in relation to cash flow projections for budget periods up to and including five years are used and, if deemed justified, expanded to a longer period given the nature of the insurance activities.

If the recoverable amount is lower than its carrying amount, the difference is directly charged to the income statement as an impairment loss.

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

Value of Business Acquired

The Value of Business Acquired (VOBA) represents the difference between the fair value and the carrying amount of insurance portfolios that have been acquired, either directly from another insurer or through the acquisition of a subsidiary. VOBA is recognized as an intangible asset with a finite useful life and amortized over the term of the current insurance contracts at acquisition date, in conjunction with the corresponding obligations. With regard to VOBA, allowance is made for the outcome of the annual compulsory Liability Adequacy Test (LAT) for insurance contracts (see accounting policy J). With effect from 2014, given the structural market developments in the life portfolios, the LAT related to the VOBA is performed at the level of the life insurance contracts and the life insurance contracts on behalf of policyholders. Before 2014 the LAT was performed at the level of the total life insurance portfolio. Amortization charges related to VOBA are included in net claims and benefits.

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

E. Investment property

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

Investment property is primarily recognized using the fair value model. After initial recognition, a.s.r. remeasures all of its investment property (see accounting policy C) whereby any gain or loss arising from a change in the fair value of the specific investment property is recognized in the income statement under fair value gains and losses.

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

If there is a change in the designation of property, it can lead to:

- reclassification from property, plant and equipment to investment property: at the end of the period of owner-occupation or at inception of an operating lease with a third party; or
- reclassification from investment property to property, plant and equipment: at the commencement of owner-occupation or at the start of developments initiated with a view to selling the property to a third party.

The following categories of investment property are recognized by a.s.r. based primarily on the techniques used in determining the fair value of the investment property:

- retail;
- residential;
- rural;
- offices;
- other (consisting primarily of parking);
- investment property under development.

Property under development for future use as investment property is recognized as investment property.
The valuation of investment property takes (expected) vacancies into account.

Borrowing costs directly attributable to the acquisition or development of an asset are capitalized and are part of the cost of that asset. Borrowing costs are capitalized when the following conditions are met:

- expenditures for the asset and borrowing costs are incurred; and
- activities are undertaken that are necessary to prepare an asset for its intended use.

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

F. Investments

When a.s.r. becomes party to a financial asset contract, the related assets are classified into one of the following categories:

- financial assets at fair value through profit and loss;
- loans and receivables;
- financial assets available for sale.

The classification of the financial assets is determined at initial recognition. The classification depends on the purpose for which the investments were acquired. For detailed information on the fair value of the financial assets see accounting policy C.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss include:

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

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

Loans and receivables are measured at fair value plus transaction costs on initial recognition

They are subsequently measured at amortized cost based on the effective interest rate method, less impairment losses where deemed necessary (see also accounting policy H). Loans and receivables are accounted for separately under financial assets.

Financial assets available for sale

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

Impairment of financial assets

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

In the case of equity investments available for sale, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment. a.s.r. considers as a significant or prolonged decline to have occurred if the fair value:

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

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

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

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

G. Investments on behalf of policyholders

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

H. Loans and receivables

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

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

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

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

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

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

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

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

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

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

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

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

Cash flow hedge accounting is currently applied only to a limited extent in relation to property development activities. At the inception of the hedge, a.s.r. documents the risk management objective and strategy for undertaking the hedge, as well as the relationship between the hedging instrument, the hedged item and the method for assessing the effectiveness of the hedging transaction. It is also confirmed that the hedge is expected to be highly effective throughout the hedging period. The effectiveness of the hedge is assessed on an on-going basis throughout the financial reporting periods for which the hedge was designated. A hedge is considered highly effective if the change in the fair value or the cash flows of the hedged item is offset by changes in the fair value or the cash flows of the hedging instrument.

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

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

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

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

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

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

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

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

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

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

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

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

These financial assets include fixed-income financial assets available for sale, specific financial assets designated at fair value through profit and loss, and specific derivatives (i.e. swaptions, interest rate swaps and inflation rate swaps). The realized gains or losses are amortized based on the remaining maturity period of the disposed financial assets. The realized gains or losses and the amortization thereof are included in net insurance claims and benefits.

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

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

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

Life insurance contracts with a discretionary participation features (DPF)
Under DPF life insurance contracts, policyholders are assigned, in addition to their entitlement to a guaranteed element, an entitlement to potentially significant additional benefits whose amount or timing is contractually at the discretion of a.s.r. These additional benefits are based on the performance of a specified pool of investment contracts, specific investments held by a.s.r. or on the issuer's net income.
Expected entitlements to discretionary benefits are recorded in equity. Once a decision has been taken for discretionary participation features, any related benefits are recognized as liabilities.

Shadow accounting
The Group's insurance accounting policies include the application of shadow accounting which is a specialized accounting treatment commonly utilized in insurance accounting and is permitted under IFRS.
The purpose of shadow accounting is to help reduce potential accounting mismatches which can occur when related assets and liabilities:
- are measured on a different basis; or
- have changes in their measurements recorded in different IFRS performance statements (Income Statement or OCI).

Under the Group's shadow accounting, adjustments are made to the insurance liability to reflect the unrealized gain or loss from the financial instruments backing these insurance liabilities.

The Group's shadow accounting policy is applied to certain types of insurance liabilities:
- insurance contracts with participation features;
- non-participating insurance contracts if and to the extent that the IFRS LAT would be triggered. This would be the case when current interest rates are lower than the interest rates that were used in the pricing principles at inception of the insurance contract.

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

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

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

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

IFRS Liability Adequacy Test Non-life
The Liability Adequacy Test (LAT) is performed at each reporting date to assess the adequacy of insurance liabilities for Non-life.

Where the Property and Casualty (motor, fire and liability) and Health liabilities business is concerned, the LAT is performed using statistical analyses. Any identified losses are used as a basis for estimating future claims arising from an insurance contract from the portfolio on the balance sheet date. This is the best estimate. An appropriate risk margin is added. The risk margin is determined for each homogeneous risk group using the Cost of Capital (CoC) method that is also used for Life. For Non-life a CoC rate of 6% (2014: 6%; 2013: 6%) is used, except for disability - Similar to Life Techniques (SLT) where the Life CoC rate of 5% (2014: 5%; 2013: 4%) is used. The total of best estimate and risk margin is compared to the technical provision recorded in the balance sheet.

The LAT for the disability portfolio is based on cash flow projections using realistic assumptions comparable to the LAT for the life portfolio (see below).

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

IFRS Liability Adequacy Test Life
The LAT is performed at each reporting date to assess the adequacy of insurance liabilities. Liabilities are adequate if the technical provision recognized in a.s.r.'s balance sheet for Life segment as a whole at least equals the best estimate of the life insurance liabilities including an appropriate risk margin. If there is a deficiency in the life insurance liabilities, those liabilities are increased to adequate levels through a charge to the income statement.

Also unrecognized gains and losses from relevant assets that are not carried at fair value in the balance sheet are taken into account to the extent these assets are allocated to cover the insurance liabilities. The various elements of the Liability Adequacy Test are further discussed below.

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

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

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

Risk margin
The risk margin is determined for each homogeneous risk group using the CoC method. For life a CoC rate of 5% (2014: 5%; 2013: 4%) is used. a.s.r. uses the latest standard Solvency II model, to quantify the risks. The risks that are incorporated in the risk margin are: mortality, longevity, disability, lapse, catastrophe, expense and operational risk. A projection of expected future risks is made and all these risks are projected into the future. The total risk for every future year is determined based on correlations between the risks described in the Solvency II standard model. The projected total risk for every year is multiplied by a cost of capital charge and discounted at the balance sheet date.

Dutch Central Bank Liability Adequacy Test
For the De Nederlandsche Bank (DNB, which is the Dutch Central Bank and insurance regulator) solvency (regulatory solvency) a.s.r. uses the Dutch Central Bank Liability Adequacy Test (DNB LAT). As no surrender value floor is applied in the IFRS LAT, the LAT used for IFRS purpose ('LAT' or 'IFRS LAT'), as described above, differs from the DNB LAT.

See the 'Wet op het financieel toezicht' (The Dutch Act on Financial Supervision which regulates the supervision of financial institutions in the Netherlands) for further explanation on surrender value floors and prudential filters.

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

K. Liabilities arising from insurance contracts on behalf of policyholders
Liabilities arising from insurance contracts for the account

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

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

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

Liabilities arising from insurance contracts on behalf of policyholders also include obligations in connection with savings pools and group pension contracts, with policyholders bearing the investment risk. These liabilities also include a provision for compensation of possible high cost of the unit linked insurance contracts, as agreed in 2008 with the consumer organizations. The additional compensation related to the unit linked insurance contracts for the past has been included in the insurance liability and is therefore included in the investment portfolio. In addition, there is still a provision for compensation for claimants and compassionate and supportive policy 'flankerend beleid'. The provision also contains an amount for future additional expenses for the implementation and conversion of systems related to the compensation and surrenders of the related insurance contracts.

For the LAT relating to the liabilities arising from insurance contracts on behalf of policyholders see accounting policy J.

L. Employee benefits (IAS 19)

Pension obligations

A number of defined benefit plans for own staff exist. These are schemes under which staff are awarded pension benefits upon retirement, usually dependent on one or more factors, such as years of service and compensation. The defined benefit obligation is calculated at each reporting date by independent actuaries. The majority of employees are formally employed by ASR Nederland N.V. A limited amount of employees are employed by other group companies.

The liability in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of the plan assets where the pension plans are insured by third parties.

ASR Levensverzekering N.V. and another group insurance entity administer most of the post-employment benefit plans and hold the investments that are intended to cover the employee benefit obligation. These investments do not qualify as plan assets in the consolidated financial statements under IFRS.

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

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

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

When employee benefit plans are modified and when no further obligations exist, a gain or loss, resulting from the changes are recognized directly in the income statement.

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

Other long-term employee benefits

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

Other post-retirements obligations

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

Vacation entitlements

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

M. Discontinued operations and assets and liabilities held for sale

Classification as held for sale occurs when the carrying amount were recovered principally through a sale transaction rather than through continuing use. This is only the case when the sale is highly probable:

- The disposal group or group of assets is available for immediate sale in its present condition;

- a.s.r. is committed to a plan to sell these assets and has an active programme to locate a buyer;
- The sale is expected to occur within one year from the date of classification as held for sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When a group of assets classified as held for sale represents a major line of business or geographical area the disposal group classifies as discontinued operations. Assets classified as held for sale (including assets of operations which are discontinued) are recorded at the lower of their carrying amount and their fair value, less the expected cost to sell the assets.

Any impairment is restricted to the carrying amount of the non-current assets within the scope of IFRS 5 measurement requirements. The comparative consolidated income statement and consolidated statement of comprehensive income have been restated to show the discontinued operations separately from the continuing operations.

Where applicable in the notes to the financial statements the reclassification to assets held for sale and liabilities related to assets held for sale are recognized in the changes in the composition of the group.

N. Acquisitions (Business combinations)

Acquisitions are accounted for according to the acquisition method, with the cost of the acquisitions being allocated to the fair value of the acquired identifiable assets, liabilities and contingent liabilities. Goodwill, being the difference between the cost of the acquisition and a.s.r.'s interest in the fair value of the acquired identifiable assets, liabilities and contingent liabilities on the acquisition date, is capitalized as an intangible asset. Any gain on bargain purchase (negative goodwill) is recognized directly in the statement of profit or loss. Any change, in the fair value of acquired assets and liabilities at the acquisition date, determined within one year after acquisition, is recognized as an adjustment charged to goodwill in case of a preliminary valuation. Adjustments that occur after a period of one year are recognized in the statement of profit or loss. Adjustments to the purchase price that are contingent on future events, and to the extent that these are not already included in the purchase price, are included in the purchase price of the acquisition at the time the adjustment is likely and can be measured reliably.

Where applicable in the notes to the financial statements the acquisitions are recognized in the changes in the composition of the group.

5.2.3 Other accounting policies

O. Basis for consolidation - subsidiaries

The consolidated financial statements include the financial statements of ASR Nederland N.V. and its subsidiaries. Subsidiaries are those entities over which a.s.r. has control. Control exists when a.s.r. is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. This is the case if more than half of the voting rights may be exercised or if a.s.r. has control in any other manner. Subsidiaries are fully consolidated from the date on which control is acquired by a.s.r. Subsidiaries are deconsolidated when control ceases to exist.
A subsidiary's assets, liabilities and contingent liabilities are measured at fair value on the acquisition date and are subsequently accounted for in accordance with a.s.r.'s accounting policies, which are consistent with IFRS.

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

Intragroup transactions

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

P. Product classification

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

Non-life insurance contracts

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

Life insurance contracts

Life insurance contracts (in cash) include savings-linked mortgages, annuities, term insurance policies, savings contracts and funeral insurance contracts. In addition to non-participating life insurance contracts, the insurance portfolio also includes:

- individual and group participating contracts;
- individual contracts with discretionary participation features (see accounting policy J);
- group contracts with segregated pools with return on investment guarantees.

Life insurance contracts on behalf of policyholders

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

Q. Segment information

At organizational level, a.s.r.'s operations have been divided into six operating segments. The main segments are the Non-life segment and Life segment where in all insurance activities are presented. The noninsurance activities are presented as four separate segments being the Banking and Asset Management, Distribution and Services, Holding and Other and Real Estate Development (Discontinued operations) segment. There is a clear difference between the risk and return profiles of these six segments.

Intersegment transactions or transfers are conducted at arm's length conditions. For detailed information per segment, see chapter 5.5, 'Segment information'.

R. Transaction date and settlement date

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

S. Securities lending

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

T. Statement of cash flows

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

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

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

U. Property, plant and equipment

Property held for own use

Property for own use comprises of land and office buildings and is measured at fair value (revaluation model) based on annual valuations, conducted by external, independent valuators with adequate professional expertise and experience in the specific location and categories of properties.

After initial recognition, property for own use is valued at fair value based on the methodology used to determine the fair value of the investment property (see accounting policy C). The purpose of a valuation is to determine the value for which the asset would be transferred between willing parties in a transaction at arm's length.

Increase in the fair value exceeding the cost price is added to the revaluation reserve in shareholders' equity, less deferred taxes. Decreases in the fair value that offset previous increases of the same asset, are charged against the revaluation reserve. The revaluation reserve cannot be negative. All other decreases in fair value are accounted for in the income statement. Increases that reverse a revaluation decrease on the same asset previously recognized in net result are recognized in the income statement.

Buildings are depreciated using the straight-line method based on expected useful life, taking into account their fair value amount, the residual value from the time when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The useful life of buildings is assessed annually for every individual component (component approach).

Property is classified into the following components and their maximum life:

Components (expressed in years)	
Land	N.A.
Shell	50
Outer layer	30
Systems	20
Fittings and fixtures	15

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

Upon the sale of a property, the part of the revaluation reserve related to the sold property, within equity, is transferred to 'other reserves' and is not reclassified to the income statement. Therefore annually a transfer is also made from the revaluation reserve related to 'other reserves' in line with the depreciation recognized in the income statement for the revalued portion.

Equipment
Equipment is recognized at cost, less accumulated depreciation and/or any accumulated impairment losses. Cost corresponds with the cash paid or the fair value of the consideration given to acquire the asset. The accounting policy for equipment is unchanged.
Equipment is depreciated over their useful lives, which are determined individually (usually between three and five years). Repair and maintenance costs are charged to the income statement in the period in which they are incurred. Expenses incurred after the acquisition of an asset are capitalized if it is probable that the future economic benefits will flow to a.s.r. and the cost of the asset can be measured reliably.

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

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

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

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

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

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

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

Joint operations
a.s.r has a limited number of non-material joint operations. These are recognized in relation to a.s.r.'s interest in the joint operation's individual balance sheet and income statement items.

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

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

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

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

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

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

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

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

Reserve for unrealized gains and losses
This reserve consists of:
- unrealized gains and losses from financial assets available for sale net of tax and taking account of adjustments due to shadow accounting (see accounting policy J);
- The share of unrealized gains and losses of associates and joint ventures held by a.s.r. (see accounting policy V);
- unrealized gains and losses on the effective portion of cash flow hedges net of tax (see accounting policy I);
- unrealized change in value of property for own use (see

accounting policy U);
- reserve for discretionary participation features (see accounting policy J);
- reserve for exchange rate differences arising from financial assets available for sale.

Actuarial gains and losses
Actuarial gains and losses result from the post-employment benefit pension plans (see accounting policy L).

Retained earnings
Retained earnings also include other reserves.

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

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

Dividends on ordinary share capital
Dividends on ordinary shares are recognized as a liability and recognized in equity when they are approved by a.s.r.'s shareholders. Interim dividends are recognized in equity when they are paid.

Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

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

AA. Financing

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

BB. Insurance premiums

Non-life insurance premiums

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

Life insurance premiums

Life insurance premiums relating to life insurance contracts are recognized as income when received from policyholders. Liabilities arising from insurance contracts are recognized based on estimated future benefits and expenses, and charged to the income statement. These expenses are recorded within 'technical insurance claims and benefits'. Therefore, in accordance with the matching principle, the profits are realized over the estimated term of the contracts.

CC. Investment income

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

Interest income

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

Dividends

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

Rental income

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

DD. Realized gains and losses

Realized gains and losses include proceeds from the disposal of investment property, financial assets available for sale, associates and joint ventures.
With respect to financial assets available for sale, realized gains or losses comprise:
- the proceeds from the sale or disposal of an asset or liability less the amortized cost of the asset or liability sold;
- impairments previously recognized (except for equity instruments);
- hedge accounting adjustments.

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

EE. Fair value gains and losses

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

FF. Result on investments on behalf of policyholders

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

GG. Fee and commission income

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

HH. Insurance claims and benefits

This item includes changes in liabilities arising from insurance contracts (see accounting policy J) and the related benefits.

Expenses associated with contracts on behalf of policyholders relate to changes in liabilities arising from insurance contracts on behalf of policyholders, including the benefits charged to the liabilities.

II. Operating expenses

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

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

Payments made under operating leases (a.s.r. is the lessee) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

JJ. Commission expenses

This mainly relates to commissions paid. Commission paid to acquire insurance contracts are charged to the income statement, generally within one year.

KK. Impairments

An asset is impaired when its carrying amount exceeds its recoverable amount. Impairment losses are recognized in the income statement as soon as they are identified. For details, see the relevant items of chapter 5.2 as mentioned earlier.

LL. Income tax expense

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

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

5.3 Risk management

Risk management is an integral part of our daily business activities. a.s.r applies an integrated approach in managing risks, ensuring that our strategic goals (customer interests, financial solidity and efficiency of processes) are maintained. This integrated approach ensures that value will be created by identifying the right balance between risk and return, while ensuring that obligations towards our stakeholders are met. Risk management supports a.s.r. in the identification, measurement and management of risks and monitors if adequate and immediate actions are taken in the event of changes in a.s.r.'s risk profile.

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

This chapter describes the risk management organization, the risks that a.s.r. is exposed to and how these risks are managed.

5.3.1 Key risk developments in 2015

General

- Risk appetite statements are established at both group and legal entity level including risk tolerances, limits and targets, which are also described in underlying risk policies. Risk appetite statements are linked to strategic pillars: Capital, Value and Return, Liquidity, Reputation and Operational and Governance. Risk appetite statements are used for strategic management decisions throughout the organization;
- The Economic Capital model (ECAP) of a.s.r. is aligned with the Company's internal view of certain specific risks and an essential part of the capital steering and risk management framework. In the dynamic investment policy specific risk budgets are determined periodically based on the ECAP model;
- a.s.r. uses mature scenario analyses and stress testing techniques, such as an Own Risk and Solvency Assessment (ORSA), Recovery planning and Strategic Asset Allocation studies. These techniques measure the impact of environmental or internally identified risks and threats on the a.s.r. solvency position;
- During 2015 a.s.r. purchased AXENT (funeral) and De Eendragt (group life). At the same time hybrid loans were issued in order to keep the solvency at a strong level;
- Standard and Poor's has confirmed a.s.r.'s A rating for its core insurance companies and confirmed the BBB+ rating for the holding (ASR Nederland N.V.). All ratings have a stable outlook.

Risk governance

- a.s.r. has a risk governance framework in place, which comprises the duties and the responsibilities of the risk management organization and the risk committee structure;
- Risk committees monitor a.s.r.'s risk profile and decide upon measures for mitigating risk exposures;
- Risk Management is based upon the principles as formulated in Group Risk Management policies to ensure a uniform risk management process throughout the organization. These policies describe how to identify, monitor, report and manage risks.

Market risk

- The interest rate hedge was adjusted in order to mitigate the sensitivity of the Solvency II own funds to changes in interest rates. As a result, the solvency ratio excluding UFR is more sensitive to a decrease in the interest rate;
- The risks of equities, property and credit bonds have remained fairly stable in 2015.

Counterparty default risk

- In accordance with the strategic investment plan, the mortgage portfolio increased in 2015. The majority of new mortgages are guaranteed by the Dutch national mortgage guarantee fund (NHG).

Insurance risk – Non-life portfolio

- The combined ratio of the Non-life segment remained at a good level 94.8% (2014: 95.0%);
- For disability there was an improvement in the combined ratio due to our active claim management. Also for P&C the ratio remained well below the 100% despite the summer storms.

Insurance risk – Life portfolio

- The acquisitions in 2015 increased both the longevity and mortality risk. The mortality risk present at Axent and the longevity risk present at De Eendragt diversify at group level as a result of their opposite nature;
- In order to optimize its balance sheet risks, ASR Levensverzekering N.V. entered into a reinsurance agreement with Legal and General Re (via Hannover Re as fronting reinsurer) in 2015. The agreement entailed the transfer of € 201 million of pension obligations to Legal and General Re;
- a.s.r. periodically assesses whether the technical provisions are sufficient to cover insurance liabilities. These provisions were adequate at year-end 2015;
- The underlying assumptions for assessing the provision are periodically adjusted to economic and non-economic developments.

Strategic risk

- a.s.r. uses scenario analysis tools to be better prepared for potential future and emerging risks. As in previous year, a.s.r. has identified strategic risks and mitigating controls and actions for all business lines and a.s.r. group in its Control Risk Self-Assessment (CRSA) over 2015;
- a.s.r. executed an Own Risk and Solvency Assessment (ORSA) at both group and legal entity level. This assessment

is used to determine relevant changes in our risk profile and to quantify the impact of identified risks on the forward-looking solvency position. The ORSA makes risk management part of strategic decision making processes on group and business units level. Management needs to ensure that a.s.r.'s capital requirements are sufficient to be and remain a financial solid insurer;
- a.s.r. has a recovery plan in place. The goal of this recovery plan is to ensure that a.s.r. has effective plans in place to deal with potential severe financial stress resulting from a wide range of different causes of various circumstances.

Operational risk
- a.s.r. has further improved its system of internal control in line with formulated ambition levels. The enterprise wide internal control framework is largely implemented in the product lines;
- In 2015, the non-financial risk dashboard in which non-financial risk profile of each business unit is reported, was further aligned with the formulated risk appetite.

Solvency II
- In January 2015 the European Commission published the Solvency II Delegated Regulation. In addition the Solvency II framework has been elaborated in the EIOPA technical standards and guidelines;
- During 2015 a.s.r. implemented the remaining Quantitative Reporting Templates (QRT's) as published by EIOPA. Preparations were finished in time to start reporting according to the Solvency II standards from 2016 onward;
- In preparation for Solvency II a.s.r. performed a dry run for the reporting standards of the Solvency and Financial Condition Report in commission of DNB. This report provides amongst others information on the governance of insurance companies, their capital management and valuation principles. The dry run provided valuable insights to further improve the quality of the report before the first publication in 2017;
- A number of transitional measures are added to the Solvency II requirements to smooth the introduction of the new regime for insurance companies. One of the transitional measures concerns the calculation of the equity risk su-module. During the transitional period, the standard parameters to be used for equities that are subject to transitional period shall be calculated as the weighted average of the standard parameter. A.s.r. has decided to apply this transitional measure for the calculation of the equity risk sub-module;
- a.s.r. has further improved the scenario analyses and stress testing techniques as part of the Own Risk and Solvency Assessment (ORSA) and Recovery planning. These techniques measure the impact of external or internal identified risks and threats to the a.s.r. solvency position;

Capital management and solvency
- The solvency ratio including UFR increased due to the decrease of the interest rates in relation to application of the UFR. This movement is in line with the sensitivities as presented in paragraph 5.3.4.

5.3.2 Enterprise Risk Management Framework

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

5.3.2.1 Strategy (including risk appetite)
a.s.r.'s risk strategy is to ensure that risk taking decisions are made within the boundaries of the risk appetite, as determined by the Executive Board and approved by the Supervisory Board.

The primary objective of risk management is to support a.s.r. in achieving the required balance between risk and return, while ensuring that strategic goals will be realized. The risk appetite describes the level of risk a.s.r. is prepared to take. Risk exposures are actively managed to ensure that the risks will stay within the defined limits.

Risk appetite
The risk appetite reflects the risk management strategy of a.s.r. and influences the way the organization is managed.
Risk appetite is defined at both group level and at legal entity level (OTSO -'Onder Toezicht Staande Onderneming') for financial and non-financial risks. Risk tolerances, limits and targets have been set for all risk appetite statements.

Objectives of the risk appetite are:
- Important steering instrument on a daily basis: a pragmatic approach at both group, legal entity and business unit level

to develop a vision with respect to risk, which is used in the day-to-day decision making process;
- The risk appetite is linked to the strategic pillars and indicates a.s.r.'s willingness to take risks.

The risk appetite is based on a.s.r.'s three strategic objectives: customer interests, financial solidity and efficiency of processes and five risk appetite pillars. These risk appetite pillars, viewed as key elements for the realization of our strategy, are:

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

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

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

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

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

Various separate risk appetite statements have been formulated to address these five pillars.

	Risk appetite Statement ASR Nederland N.V. 2015
1	ASR Nederland N.V. is now and in the long term a socially desirable organization. Where the governance of ASR Nederland N.V. is established in a way that paramount importance is given to the customer's interests and that the interests of all stakeholders are carefully and sustainably considered.
2	ASR Nederland N.V. only has solid and understandable products. The proposition is cost-efficient, useful, safe and reliable for customers, the intermediary as well as for ASR Nederland N.V.
3	ASR Nederland N.V. has effectively embedded processes and reliable reports.
4	ASR Nederland N.V. complies to current laws, regulation and ethical norms. ASR Nederland N.V. has a zero-tolerance policy in case of deliberate violation of these laws, regulation and ethical norms.
5	ASR Nederland N.V. exclusively does business with partners who comply to the appointing- and procurement policy of ASR Nederland N.V. In the case of outsourcing, ASR Nederland N.V. verifiably complies to the outsourcing policy and a sound operational management is ensured.
6	ASR Nederland N.V.'s employees comply to (internal and external) integrity-, proficiency- and professional demands.
7	ASR Nederland N.V. has a minimum ECAP-ratio (degree of certainty 99,5%) of 130%.
8	ASR Nederland N.V. remains within the bandwidth of the periodically reassessed market risk budgets.
9	ASR Nederland N.V. has a minimum Solvency I-ratio of 200%.
10	ASR Nederland N.V. has a minimum SCR-ratio of 120%.
11	ASR Nederland N.V. (Group) has at least a single A-rating according to the S&P Capital model as applied by a.s.r.
12	ASR Nederland N.V.'s technical provisions are at all times sufficient according to IFRS LAT.
13	ASR Nederland N.V. has a maximum double leverage of 135%.
14	ASR Nederland N.V. can clear at least € 1 Billion liquidities in a one month period, taking the contractual cash flows and a worst case liquidity scenario (redemption of insurance products, withdrawal of savings, collateral) into account.
15	ASR Nederland N.V.'s activities result in a risk-adjusted return on risk-adjusted capital (RARORAC) larger than 5,3%.
16	ASR Nederland N.V. has a Value Added New Business (VANB) which is at all times larger than € 0 million, including UFR (Ultimate Forward Rate).
17	ASR Nederland N.V. has a maximum combined ratio of 99%.

These risk appetite statements are further translated into boundaries (risk tolerances, limits and targets) in order to make sure that material risks are managed in accordance with our predefined risk profile. Risk limits are formulated in line with a.s.r. ambition levels, regulatory requirements and S&P requirements. The most important limits for financial solidity are set on the solvency ratio according to the internal model (ECAP), the standard model of Solvency II (SCR) and the current regulatory solvency (Solvency I). Breaches need to be reported and addressed immediately in accordance with our risk policies. Risk appetite statements ensure that risk considerations are being addressed in strategic decision making processes. Our risk profile is monitored by a.s.r.'s risk committees on a quarterly basis. Per year-end 2015, a.s.r. has sufficient capital to meet the limits as formulated in the a.s.r. risk appetite.

5.3.2.2 Risk governance

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

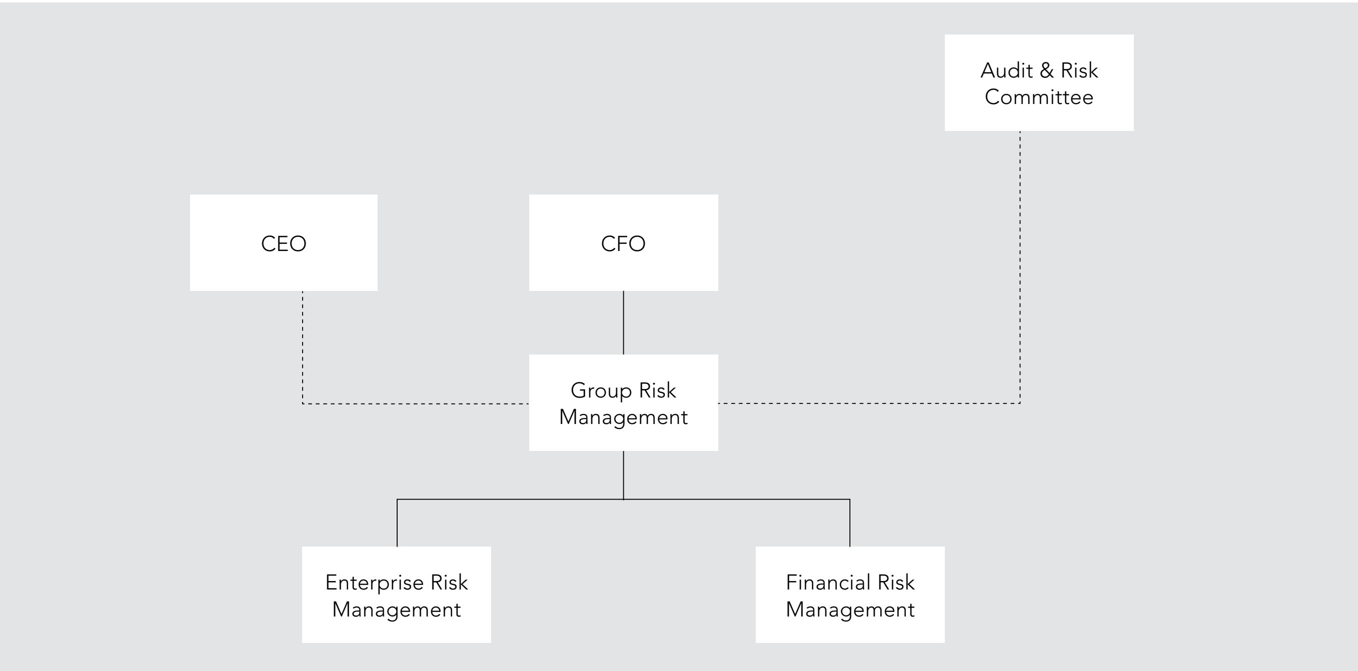
Three lines of defence

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

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

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

Group Risk Management Organization



Group Risk Management

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

Group Risk Management is responsible for the execution of the risk management function and the actuarial function. Group Risk Management consists of the following sub-departments:

- Enterprise Risk Management;
- Financial Risk Management.

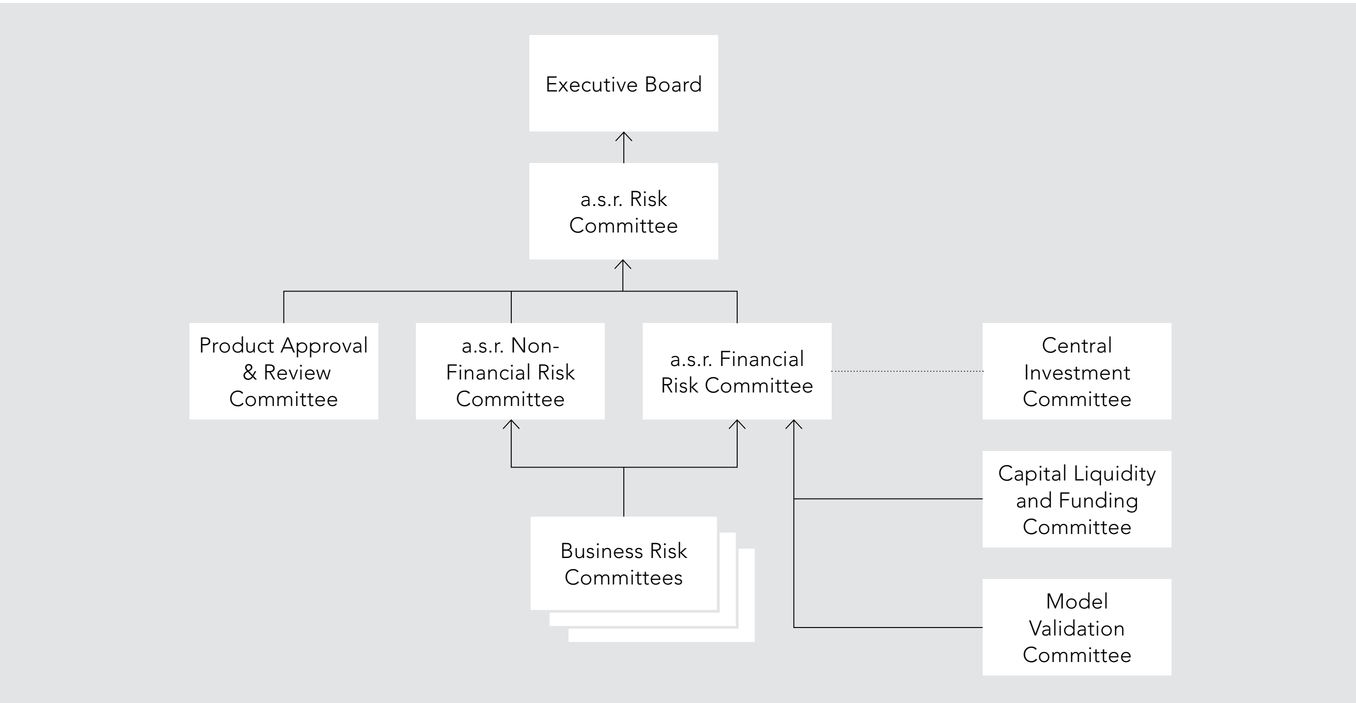
Enterprise Risk Management
Enterprise Risk Management is responsible for the second line strategic risk and operational (including IT) risk management at a.s.r. The responsibilities with regard to strategic risk management include the development of risk policies, the annual update of the risk strategy (risk appetite), the monitoring of the non-financial risk profile and risk priorities of a.s.r., the execution of ORSA process and the update of our recovery plan. For the management of operational risks, a.s.r has a sound Management in Control system in place that contributes to long-term solidity of a.s.r. The quality of our Management in Control Framework is continuously enhanced by the analysis of operational losses.

Financial Risk Management
Financial Risk Management (FRM) is responsible for the second line market risk, counterparty risk, insurance risk and liquidity risk management at a.s.r. and its legal entities. Other responsibilities are monitoring of compliance with Solvency II, model validation and policies on valuation and risk.

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

Furthermore, the actuarial function monitors the profitability of new business and determines if risks related to the profitability of new products are sufficiently addressed in the product development process.

Risk committee structure
The objective of the risk committees is to manage the risk profile for a.s.r. group, its legal entities and its business lines in order to ensure that the risk profile remains within the risk appetite and the underlying risk tolerances, risk limits and risk targets.



a.s.r. Risk Committee
The a.s.r. Risk Committee is a sub-committee of the Executive Board and monitors a.s.r.'s overall risk profile on a quarterly basis. In the a.s.r. Risk Committee the Executive Board gives final approval upon relevant risk policies as discussed in the NFRC and FRC. Every year, the Risk Committee approves the risk appetite statements, limits and targets for a.s.r. The a.s.r. Risk Committee also monitors the management of a.s.r.'s risk priorities'. a.s.r.'s Executive Board members all participate in the a.s.r. Risk Committee, which is chaired by the CEO. The involvement of the Executive Board ensures that risk decisions are being addressed at the appropriate level within the organization. In addition to the Executive Board, the Chief Risk Officer, Director of Audit, Director of Integrity and Director Group Asset Management are members of the Committee.

The a.s.r. Risk Committee receives information about risk exposures or other risk-related issues from the Financial Risk Committee and the Non-Financial Risk Committee. These committees have mandates to manage and control a.s.r.'s risk profile in line with the risk appetite statements, limits and targets.

Non-Financial Risk Committee
The Non-Financial Risk Committee (NFRC) discusses and decides upon non-financial risk policies. The most relevant risk policies are approved by the a.s.r. risk committee. The NFRC monitors that non-financial risks are adequately managed and monitors that the risk profile stays within the agreed risk limits. If the risk profile exceeds the limits, the NFRC takes mitigating actions. The NFRC reports to the a.s.r. Risk Committee. The

Chairman of the NFRC is the COO of the SME insurance market (who is also a member of the Executive Board) and members of the Committee include Directors of the business lines P&C, Health, Disability, Life, Pensions, ICT and Directors of Audit and Integrity, the Head of Enterprise Risk Management and the Director of Finance and Risk.

Financial Risk Committee
The Financial Risk Committee (FRC) discusses and decides upon financial risk policies. The most relevant risk policies are approved by the a.s.r. risk committee. The FRC manages and controls financial risks (market, insurance (life and non-life) and counterparty default risk). The FRC also monitors whether the risk profile stays within the risk limits. If the risk profile exceeds these limits, the FRC takes mitigating actions. The FRC reports to the a.s.r. Risk Committee. The Chairman of the FRC is the CFO. Members of the Committee include the Chief Risk Officer, Directors of Group Asset Management, Finance and Risk, Real Estate, Group Accounting Reporting & Control and a representative for the actuarial function. The FRC is supported by the Capital, Liquidity & Funding Committee (CLFC) and the Model Validation Committee (MVC).

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

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

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

Model Validation Committee
The model validation committee (MVC) is responsible for the execution and update of our model validation policy and for the approval of existing or new developed validated models before taken into use. The model validation committee receives all required information for the validation of models (for instance model documentation and validation reports), which information is being prepared by the validation board that assures the quality of the validation process. The chairman of the MVC is the Chief Risk Officer. Members of the MVC are the Director Group Asset Management, the Manager of Financial Risk- and Model Management, the Manager Financial Risk Reporting, the Chief Financial Risk Officers Life and Non-life and other representatives for the actuarial function.

Product Approval Committee
The Product Approval Committee is responsible for the decision-making process around the introduction of new products and adjustments in existing products.

The Directors of all business lines are members of the Product Approval Committee. The Director Marketing is the chairman. Group Risk Management, Integrity and Juridical Affairs also participate in the Product Approval Committee. All these departments evaluate if risks in newly developed products are sufficiently addressed. New products need to be developed in a way that they are cost efficient, reliable, useful and secure. New products also need to have a strategic fit with a.s.r.'s mission to be a solid and trustful insurer. Also the risks of existing products are evaluated, as requested by the PARP as a result of product reviews. Group Risk Management and Compliance have the right of veto in the Product Approval Committee.

5.3.2.3 Systems and data
The availability, adequacy and quality of data and IT systems is important in order to ensure that correct figures are reported and risk mitigating measures can be taken in time. Therefore it is considered important that data throughout a.s.r. needs to be managed in accordance with our data quality policy and the operational (including IT) processes are managed in accordance with our Management in Control policy. In 2015 our data quality policy was updated in order to comply with Solvency II. Data quality will be further enhanced in 2016 in order to improve our reporting processes.

5.3.2.4 Risk procedures & policies
a.s.r.'s risk classification covers all Solvency II risks and is in line with the Focus approach as applied by DNB. These policies describe how risks are identified, measured and managed throughout a.s.r. a.s.r. has established policies for each of the risks (market, counterparty default, insurance, strategic and operational). In each case the policy defines the risk, the risk limits and the risk mitigation strategies.

5.3.2.5 Risk culture
Risk awareness is an important topic at a.s.r to emphasize the human aspect in the mitigation of risks. Risk Management carried out various kind of actions in 2015 in order to raise risk awareness. These actions focused on 'hard' elements/controls (risk governance, annual refinement of the risk appetite, monitoring of the risk appetite in risk committees and risk assessments) and 'soft' elements/controls (education and communication via intranet).

5.3.3 Risk management classification

a.s.r. is exposed to a variety of risks. The six main risk categories that a.s.r. recognizes are described below.

Risk type	Definition
Market risk	The risk of changes in values caused by market prices or volatility of market prices differing from their expected values. The following types of market risk are distinguished: • interest rate risk • equity risk • property risk • currency risk • spread risk • concentration risk
Counterparty default risk	Counterparty default risk reflects possible losses due to unexpected default or deterioration in the credit rating of counterparties and debtors.
Insurance risk	Insurance risk is the risk that future insurance claims and benefits cannot be covered by premium and/or investment income, or that insurance liabilities and results are incorrectly determined, because costs, claims and benefits differ from the assumptions used in the development and premium-setting of a product. Four different major types of insurance risk are distinguished; P&C, disability, health and life risk. Also, risk incurred on the employee benefits is categorized as an insurance risk.
Liquidity risk	Liquidity risk is the risk that one of a.s.r.'s entities does not have sufficient liquid assets to meet its financial obligations when they become due and payable, at reasonable cost and in a timely manner.
Strategic risk	Strategic risk is the risk that a.s.r. will not reach its strategic objectives, because risk considerations are not or incorrectly addressed in decision-making processes, incorrect implementation of decisions and/or failure to respond in an adequate way to market developments.
Operational risk	Operational risk is the risk of losses resulting from inadequate or failing internal processes and systems, human error or from external events (including legal risk).

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

As part of the ORSA an assessment was made on the completeness of identified risk categories in relation to the risk profile of a.s.r.

5.3.4 Market risk

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

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

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

The sensitivities of regulatory solvency ratio (Solvency I) to market risks are as follows (in %-p):

Type of risk	31 December 2015	31 December 2014	31 December 2013
Equities -20%	-23%	-18%	-21%
Interest-rate (incl UFR) -1%	14%	34%	30%
Interest-rate (incl UFR) +1%	-8%	-23%	-29%
Interest-rate (excl UFR) -1%	-95%	-59%	-17%
Interest-rate (excl UFR) +1%	49%	27%	-1%
Spread +75 bps	-17%	-16%	-23%
Property -10%	-11%	-12%	-13%

In the calculation of the interest-rate sensitivity of the solvency ratio including UFR, the UFR is kept constant. The shock on the discounting curve for the liabilities is mitigated for maturities longer than 20 year through the application of the UFR. As a result, the assets are more sensitive than the liabilities including UFR. The solvency ratio including UFR increases with 14% when the interest-rates drop 1%.

In case the UFR is not applied, the liabilities are more sensitive to interest-rate movements. The shock on the discounting curve for the liabilities is not mitigated and the present value of the cashflow after 20 year is higher. The liabilities excluding UFR are more sensitive than the assets. The solvency ratio excluding UFR decreases with 95% when the interest-rates drop 1%.

In 2015 the interest-rate hedge was adjusted in line with the policy (see 5.3.4.1). As a result, the Solvency I ratio (including UFR) became less sensitive to interest-rates, while the Solvency I ratio excluding UFR became more sensitive to interest-rates. The latter was strengthened by the acquisition of De Eendragt and Axent, whose insurance liabilities have a long duration.

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

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

Scenario	Total equity 31 December 2015	Profit for the year 2015	Total equity 31 December 2014	Profit for the year 2014	Total equity 31 December 2013	Profit for the year 2013
Equities +20%	432	-17	317	-8	320	-5
Equities -20%	-397	5	-300	-7	-299	9
Interest-rate +1%	134	0	-108	0	-120	0
Interest-rate -1%	-197	0	124	0	120	0
Spread +75bps	-39	0	-31	0	-40	0
Spread -75bps	39	0	31	0	40	0
Property +10%	294	277	307	293	303	293
Property -10%	-294	-294	-307	-307	-303	-303
Foreign currency +10%	103	-8	35	-2	29	-2
Foreign currency -10%	-103	8	-35	2	-29	2

The sensitivities to equities increased in 2015 in line with the higher exposure to equities. The changes in the sensitivity of total equity to interest-rate in 2015 are explained by the recognition of the interest-rate sensitivity of the employee benefits. The impact of this recognition is € 332 million in the scenario interest-rate +1% and € -439 million in the scenario interest-rate -1%. The sensitivity of total equity to spread remained limited due to the mitigating effect of shadow accounting. The sensitivities to property did not change much compared to the previous years, in line with the exposure to property. The sensitivity of total equity to foreign currency increased in line with the higher underlying exposure as a result of look-through on the investments funds. The impact of the investment funds on the sensitivity of total equity to foreign currency +10% is € 82 million per 31 December 2015.

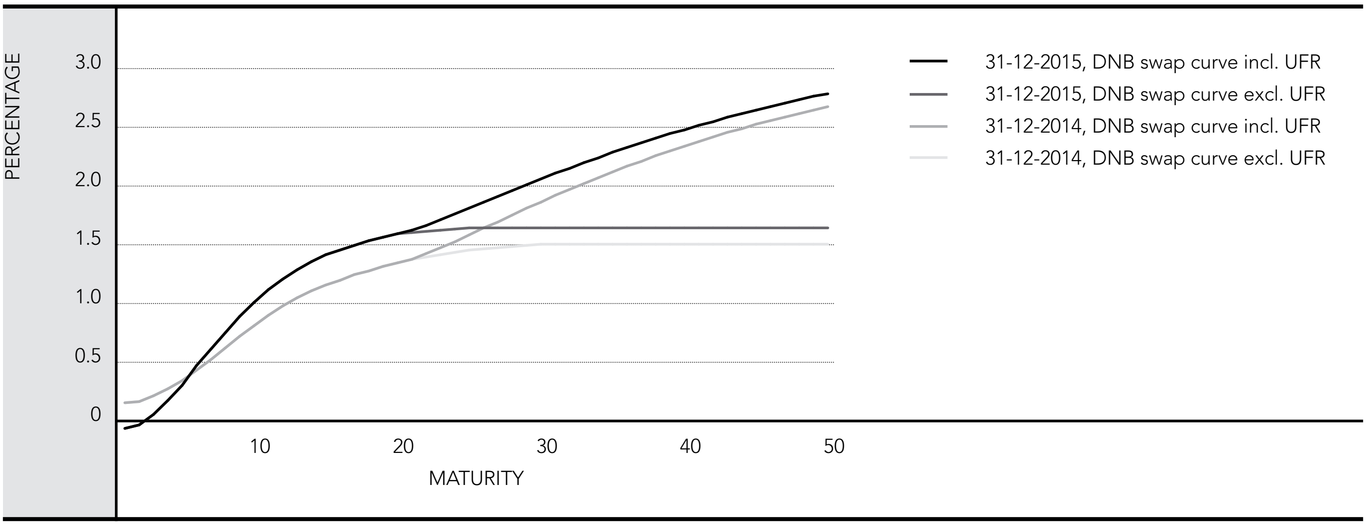
The following sections provide more detail per risk type.

5.3.4.1 Interest-rate risk

Interest-rate risk is the risk that the value of assets, liabilities or financial instruments will change due to fluctuations in interest-rates. Many insurance products are exposed to interest-rate risk; the value of the products is closely related to the applicable interest-rate curve. The interest-rate risk of insurance products depends on the term to maturity, interest-rate guarantees and profit-sharing features. Life insurance contracts are particularly sensitive to interest-rate risk (see chapter 5.3.6).

Since 30 June 2012 the regulator prescribes applying the Ultimate Forward Rate (UFR) on the discounting curve, whereby the forward interest-rates converge to a level of 4.2%. Since this is an assumption, a.s.r. also evaluates its solvency position without applying the UFR to the discounting curve.

Discounting curves



During 2015 the interest-rates decreased on average 20 bp for maturities longer than 10 year.

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

An interest-rate risk policy is in place for the group as well as for the registered insurance companies. All interest-rate sensitive balance sheet items are in scope, including the post employee benefit obligations of the group (see chapter 5.17.1). In principle the sensitivity of the Solvency II ratio to interest-rates is minimized, as long as the sensitivity of the Solvency II ratio excluding UFR to interest-rates is not too high. In addition, the exposure to interest-rate risk for various term buckets is subject to maximum amounts.

In 2015 the interest-rate hedge was adjusted in line with the policy. As a result, the Solvency I ratio (including UFR) became less sensitive to interest-rates, while the Solvency I ratio excluding UFR became more sensitive to interest-rates. The latter was strengthened by the acquisition of De Eendragt and Axent, whose insurance liabilities have a long duration.

As a result of the interest-rate risk policy, the Solvency I ratio (including UFR) and the Solvency I ratio excluding UFR move in different directions when interest-rates change.

Sensitivity of regulatory solvency (Solvency I) to interest-rate changes.

	Interest-rates -1%			Interest-rates +1%		
	31 December 2015	31 December 2014	31 December 2013	31 December 2015	31 December 2014	31 December 2013
Assets	3,689	3,667	2,568	-2,905	-2,829	-1,955
Liabilities	-3,441	-3,067	-2,096	2,767	2,423	1,495
Solvency available	248	600	472	-138	-407	-460
Solvency ratio	14%	34%	30%	-8%	-23%	-29%

Sensitivity of regulatory solvency (Solvency I) excluding UFR to interest-rate changes.

	Interest-rates -1%			Interest-rates +1%		
	31 December 2015	31 December 2014	31 December 2013	31 December 2015	31 December 2014	31 December 2013
Assets	3,689	3,667	2,568	-2,905	-2,829	-1,955
Liabilities	-5,427	-4,693	-2,827	3,803	3,297	1,933
Solvency available	-1,738	-1,026	-259	898	468	-22
Solvency ratio	-95%	-59%	-17%	49%	27%	-1%

5.3.4.2 Equity risk

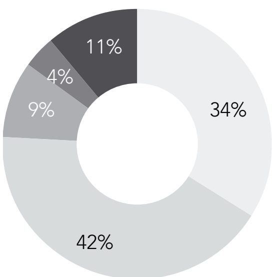
The equity risk depends on the total exposure to equities. In order to maintain a good understanding of the actual equity risk, a.s.r. has made a number of adjustments to the IFRS classification for risk purposes. For example, bond funds classified in the statement of financial position under equities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

The fair value of equities and similar investments at year-end 2015 was € 2,803 million (2014: € 1,990 million, 2013: € 1,967 million). The increase in 2015 is a result of new investments and favourable development of equity prices. A part of the downside risk of the equities is hedged. A portfolio of put options with an underlying value of € 885 million is in place.

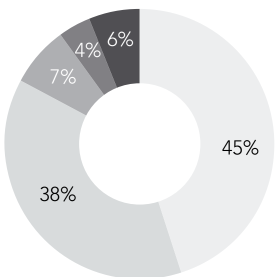
The equities are diversified across the Netherlands (including participating interests) and other European countries. A limited part of the portfolio consists of investments in the Pacific and United States.

The next table shows the exposure of the equity portfolio to sectors. External managed funds are excluded for this table, the total value in scope is € 1,538 million (2014: € 1,019 million, 2013: € 1,002 million). The external funds typically have a representative market index as benchmark with a limited tracking error. The difference between the fund and the general market index therefore will be limited and the funds will have a diversified sector allocation.

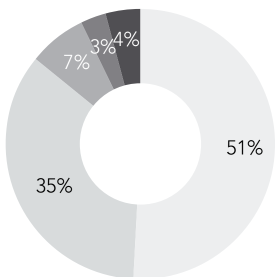
Composition equity portfolio



Sector equity portfolio (ecxl. funds) 2015



Sector equity portfolio (ecxl. funds) 2014



Sector equity portfolio (ecxl. funds) 2013

	2015	2014	2013
Industrials, materials and energy	34%	45%	51%
Consumer goods, services and healthcare	42%	38%	35%
Technology and telecoms	9%	7%	7%
Utilities	4%	4%	3%
Financials	11%	6%	4%

The sensitivity of the Solvency I ratio to changes in equity prices is monitored on a monthly basis. Option contracts and the tax exemption of the participating interests are taken into account when calculating sensitivities.

Sensitivity of regulatory solvency (Solvency I) to changes in equity prices.

Change in equity prices	31 December 2015	Percentage	31 December 2014	Percentage	31 December 2014	Percentage
-20%	-416	-23%	-320	-18%	-327	-21%

5.3.4.3 Property risk

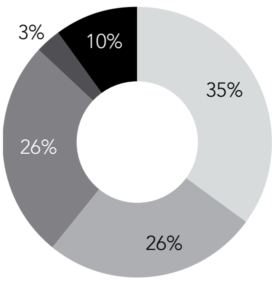
Property risk is the risk of loss of market value of real estate assets due to a change in rental prices, required investor yield, or other factors.

The property risk depends on the total exposure to property. In order to gain a total understanding of the actual property risk, a.s.r. includes property for own use and development property amounting to € 100 million (2014: € 100 million, 2013: € 125 million) in the analysis of its property risk. The fair value of property was € 2,939 million at year-end 2015 (2014: € 3,070 million, 2013: € 3,028 million), including property for own use.

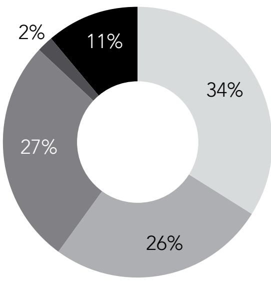
As a result of disposals and a negative result on property development the exposure to property decreased in 2015. Although impairments on property developments were taken, there are some remaining risks.

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

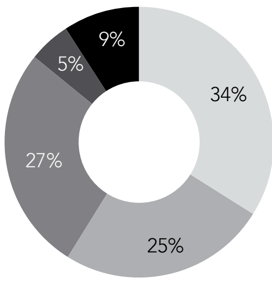
Composition property portfolio



Composition
property portfolio 2015



Composition
property portfolio 2014



Composition
property portfolio 2013

	2015	2014	2013
Rural	35%	34%	34%
Retail	26%	26%	25%
Residential	26%	27%	27%
Other	10%	2%	5%
Offices	3%	11%	9%

The sensitivity the Solvency I ratio to changes in property value is monitored on a monthly basis. Sensitivity of regulatory solvency (Solvency I) to changes in property prices:

Change in property prices	31 December 2015	Percentage	31 December 2014	Percentage	31 December 2013	Percentage
-10%	-201	-11%	-211	-12%	-210	-13%

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

5.3.4.4 Currency risk

Currency risk measures the impact of losses related to changes in currency exchange rates. The table below provides an overview of largest currency exposures in the portfolio.

The policy is primarily to hedge currency risks of fixed income investments and the insurance liabilities. However, certain currency exposures are permitted from a tactical perspective within a specific risk budget. The currency risk of equities is not hedged.

The foreign currency position is monitored on a quarterly basis. The total net exposure in foreign currency is € 1,375 million (2014: € 477 million, 2014: € 389 million). The table shows the currencies with the largest exposures.

2015	USD	AUD	CAD	CHF	GBP	SEK	ZAR	HKD	INR	KRW	TWD	JPY	PHP
Assets exposure	885	198	0	118	211	13	30	54	24	21	24	13	12
Liabilities exposure	-87	-163	0	0	0	0	-11	0	0	0	0	0	0
Net exposure	798	35	0	118	211	13	19	54	24	21	24	13	12

							2014							2013
	USD	AUD	CAD	CHF	GBP	SEK	ZAR	USD	AUD	CAD	CHF	GBP	SEK	ZAR
2014														
Assets exposure	424	194	41	36	53	0	22	282	194	92	10	20	40	22
Liabilities exposure	-105	-172	0	0	0	0	-28	-86	-178	0	0	0	0	-14
Net exposure	319	22	41	36	53	0	-6	196	16	92	10	20	40	7

In 2015 the reported exposure in foreign currency increased significantly, mainly as a result of applying look-through on the investment funds. As per 31 December 2015, € 819 million of the currency exposure is due to investment funds. For the previous years the look-through information is not available.

The net exposure in USD consist both of equities and fixed income investments. The majority of the net currency exposure is related to equities.

5.3.4.5 Spread risk

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

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

Spread risk is managed on a portfolio basis within limits and risk budgets established by the relevant risk committees. Where relevant, credit ratings provided by the external rating agencies are used to determine risk budgets and monitor limits. A limited number of fixed-income investments do not have an external rating. These investments are generally assigned an internal rating. Internal ratings are based on methodologies and rating classifications similar to those used by external agencies. The following tables provide a detailed breakdown of fixed-income exposure by rating class, sector, and country of risk and level of subordination for the financial sector.
Assets in scope of spread risk are by definition not in scope of counterparty default risk (see chapter 5.3.5). The tables include all bond, fixed income funds, preference shares and loans subject to spread risk according to our risk models.

	31 December 2015		31 December 2014		31 December 2013	
	Exposure	Percentage	Exposure	Percentage	Exposure	Percentage
AAA	10,121	44%	5,881	28%	4,722	26%
AA	3,719	16%	7,222	34%	7,352	40%
A	4,463	20%	3,857	18%	2,623	14%
BBB	3,367	15%	2,885	14%	2,561	14%
Lower than BBB	393	2%	744	4%	567	3%
Not rated	640	3%	436	2%	455	3%
	22,703	**100%**	**21,025**	**100%**	**18,280**	**100%**

Changes in the rating distribution of the fixed income portfolio are attributable to a number of factors, such as interest rate and spread movement, implementation of the investment policy and asset allocation decisions, as well as rating actions by S&P and Moody's rating agencies and acquisitions. Acquisition of Axent and De Eendragt in the course of the 2015 are the main driver of the increase in the exposure to the fixed income investments. Without these acquisitions, the market value of the fixed income portfolio would have decreased following changes in asset allocation and the combination of the rise in the interest rates and widening spreads observed in 2015. The main reason for the significant increase in the AAA-rated bonds at the expense of AA- rated bonds is the upgrade of Dutch government bonds from AA to AAA by S&P. The decrease in the category Lower than BBB is due to significant redemptions in subordinate financials and an upgrade in the preference shares portfolio. The category not rated consists of investment funds and loans to intermediaries, the increase in 2015 is due to positions in new investment funds.

	31 December 2015	31 December 2014	31 December 2013
Government	12,390	11,681	9,638
Financial institutions	4,897	4,944	4,608
Corporates	5,014	3,844	3,434
Structured entities	402	556	600
	22,703	**21,025**	**18,280**

The increase in the government bond portfolio is solely due to the acquisition of Axent and De Eendragt. The increase of corporate bond investments is explained by changes in asset allocation, while redemptions are responsible for the decrease in the structured entities investments.

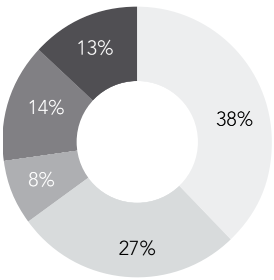
Government	31 December 2015	31 December 2014	31 December 2013
Netherlands	3,584	3,452	4,154
Germany	5,205	4,158	2,955
Austria	606	652	554
Belgium	653	756	657
France	830	799	224
Supranationals	333	467	367
Periphery	636	716	36
Other	543	682	691
	12,390	**11,681**	**9,638**

Interest-rates increased slightly during 2015 this resulted in lower market values. The market value of the positions in several countries, Germany and France among others, increased. This is be explained by the acquisition of Eendragt and Axent. The holdings in periphery sovereign bonds was reduced for tactical reasons. Supranationals have been reduced due to a change in the desired asset allocation.

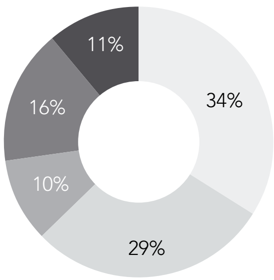
Financial institutions	31 December 2015	31 December 2014	31 December 2013
Senior	1,821	1,615	1,548
Tier 2	1,772	1,636	1,211
Tier 1	328	566	911
Covered	817	963	810
Other	159	164	128
	4,897	**4,944**	**4,608**

In line with our strategic investment plan the exposure to Tier 2 securities was increased at the expense of Tier 1 bonds. All categories in the financial institutions portfolio benefited from tightening credit spreads.

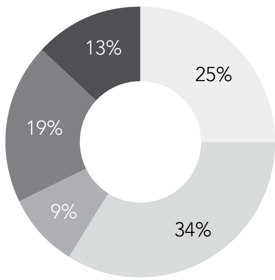
Composition corporate bonds portfolio



Sector corporates 2015



Sector corporates 2014



Sector corporates 2013

	2015	2014	2013
Industrials, transportation and energy	38%	34%	25%
Consumer goods, services and healthcare	27%	29%	34%
Media, technology and telecoms	8%	10%	9%
Utilities	14%	16%	19%
Other	13%	11%	13%

The table above shows the exposure of the corporate bonds to sectors.

Structured entities	31 December 2015	31 December 2014	31 December 2013
ABS	36	29	43
CDO	95	123	159
MBS	257	373	367
Structured financial instruments	14	31	31
	402	**556**	**600**

Redemptions are responsible for the decrease in the market value of the Structured Entities and occurred mainly in the MBS portfolios. The revaluations on the structured products portfolio slightly increased in the course of 2015.

As a.s.r. participates in structured entities solely for investment purposes, no other commitments or guarantees have been made to the structured entities concerned. The maximum exposure is therefore limited to the fair value of the structured entity and amounts to € 402 million (2014: € 556 million; 2013: € 600 million).

Asset-backed securities (ABS)
An ABS is a financial security backed by a portfolio of loans, leases or receivables against assets other than real estate and mortgage-backed securities. Half of this portfolio consists of a bond issued by a ring-fenced entity of a large UK airport. The other half of this portfolio consists of various securities backed by several types of assets.

Collateralized debt obligation (CDO)
CDO's are securities backed by a pool of bonds, loans or other assets. CDO's do not specialize in one type of debt, but are often non-mortgage loans or bonds. CDO's are unique in that they represent different types of debt and credit risk. In the case of CDO's, these different types of debt are often referred to as 'tranches' or 'slices'. Each slice has a different maturity and risk associated with it.

The CDO portfolio of a.s.r. currently consists mainly of senior tranches in collateralized loan obligations (CLO's), which are CDO's backed by a portfolio of European bank loans. Also, the portfolio contains various CDO's with several types of collateral, such as loans to smaller financial institutions and ABS.

Mortgage-backed securities (MBS)
MBS's are a type of asset-backed security that is secured by a portfolio of mortgages. The MBS portfolio of a.s.r. consists of mainly AAA tranches in Dutch residential mortgage backed securities. The rest of the portfolio consists of investments in the senior tranches of UK RMBS (around 3.5%) and some peripheral exposure, mostly in Spain (5.5%), all of which have started to redeem.

Other structured financial instruments (SFI)
This part of the portfolio consists of equity tranches of CDO's, i.e. the most risky tranche in the CDO structure. These 'first loss' tranche will be the first to fall in value if losses occur in the assets that back the CDO and are not rated. The portfolio is dominated by two positions that make up 66% of the portfolio. Due to significant redemptions on the two largest positions in this portfolio, the size of this portfolio went down during 2015. The remaining positions in this portfolio are almost all equity pieces of European CLO's.

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

	Government			Financial institutions		
	31 December 2015	31 December 2014	31 December 2013	31 December 2015	31 December 2014	31 December 2013
AAA	9,228	4,760	3,752	625	743	598
AA	2,327	6,002	5,637	535	556	1,110
A	427	366	139	1,672	1,619	922
BBB	406	551	110	1,755	1,413	1,641
Lower than BBB	2	2	0	310	613	337
Not rated	0	0	0	0	0	0
	12,390	**11,681**	**9,638**	**4,897**	**4,944**	**4,608**

Acquisition activities of a.s.r together with upgrade of the Dutch government bonds to AAA category and changes in tactical positioning explain changes in the rating breakdown of the sovereign portfolio. Earlier described sub-sector allocation decisions combined with rating actions by Moody's and S&P are predominant factors responsible for increase in the market value of the A and BBB rated financials. Decrease in the sub-investment grade category is mainly due to redemptions in junior subordinate financials portfolio.

	Corporates			Structured entities		
	31 December 2015	31 December 2014	31 December 2013	31 December 2015	31 December 2014	31 December 2013
AAA	44	45	38	224	333	334
AA	821	625	544	35	39	61
A	2,317	1,793	1,470	48	79	92
BBB	1,193	885	783	14	36	27
Lower than BBB	10	76	161	71	53	69
Not rated	629	420	438	10	16	17
	5,014	**3,844**	**3,434**	**402**	**556**	**600**

Increase in the AA rated category is due to execution of the sector allocation decisions as well as re-allocation of bonds from sector Financials, following significant changes in the business profile of the issuer. Increase in A and BBB rating categories are attributable to combination of sector allocation decisions and rating actions by S&P and Moody's. An upgrade of a position in our preference shares portfolio explains substantial decrease in sub-investment grade corporates. The non-rated category corporates includes predominantly externally managed fixed income funds and loans issued to intermediaries, the increase in 2015 is due to positions in new investment funds.

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

The parameters of the internal risk-rating model are regularly adjusted in response to market conditions as well as new legislation. The ban on commissions regarding so-called 'complex' insurance products was introduced in 2013 and has a minor impact on the rating of the loan portfolio issued to intermediaries due to the aforementioned internal risk-rating model. The group has anticipated on the ban on commissions and has therefore granted fewer loans as a result of restrictions in our loan policy. The current value of the collateral incorporates the effect of the ban on commissions. This value is used in our internal risk-rating model. The table below provides an overview of the loans to intermediaries.

Loans to intermediaries	31 December 2015 Amount	Percentage	31 December 2014 Amount	Percentage	31 December 2013 Amount	Percentage
Loan < 75% collateral value	19	35%	26	34%	28	29%
Loan > 75% collateral value	35	65%	49	66%	68	71%
	54	**100%**	**75**	**100%**	**96**	**100%**

Loans to intermediaries form a relatively small source of risk for a.s.r. At year-end 2015, the outstanding amount of loans to intermediaries was € 54 million (2014: € 75 million; 2013: € 96 million) and cumulative impairments amounted to € 32 million (2014: € 37 million; 2013: € 53 million). The loans are generally secured by collateralizing an insurance portfolio. At year-end 2015, 24% (2014: 16%; 2013: 20%) of the loans were in arrears.

5.3.4.6 Concentration risk

Concentration risk is the risk of an accumulation of exposures with the same counterparty.

In order to avoid concentrations in a single obligor, a.s.r. applies a limit on maximum exposure of € 700 million for issuers rated single A rating and higher and € 350 million for issuers rated BBB. The limits apply to the total investment portfolio, where government bonds are not included, which is consistent with Solvency II. The CLFC monitors concentration risk on a quarterly basis. All exposures were within the limits at year-end 2015.

5.3.4.7 Liquidity risk

Liquidity risk is the risk that a.s.r. is not able to meet its financial obligations to policyholders and other creditor when they become due and payable, at reasonable cost and in a timely manner.

a.s.r. recognizes different levels of liquidity management. Short-term liquidity, or daily cash management covers the day-to-day cash requirements under normal business conditions and targets funding liquidity risk. Long-term liquidity management considers business conditions, in which market liquidity risk materialises. Stress liquidity management looks at the ability to respond to a potential crisis situation as a result of a market event and an a.s.r. specific event. Unexpected cash outflows could occur as result of lapses in the insurance portfolio, withdrawals of savings, or payments related to the CSA of derivatives. a.s.r. monitors its liquidity risk scenario's via different risk reporting and monitoring processes including daily cash management reports, cash flow forecasts and stress scenario liquidity reports.

a.s.r. liquidity management principle consist of three components. First, a well diversified funding base is necessary in order to provide liquidity for cash management purposes. A portion of assets must be invested in unencumbered marketable securities that can be used for collateralized borrowing or asset sales. Second, the strategic asset allocation should reflect the expected and contingent liquidity needs of liabilities. Finally, an adequate and up-to-date contingency liquidity plan is in place to enable management to act effectively and efficiently in times of crisis.

As per 31 December 2015, a.s.r. has cash (€ 1,454 million), short term deposits (€ 1,178 million), liquid government bonds (€ 13,840 million) and other bonds and shares.

The following table shows the contractual cash flows of assets and liabilities (excluding investments on behalf of policyholders and insurance contracts on behalf of policyholders). For liabilities arising from insurance contracts, expected lapses and mortality risk are taken into account. Profit sharing cashflow of insurance contracts is not taken into account, as well as equities, property and swaptions. Compared to 2015 the cash flow of the liabilities in the last bucket increased due to the acquisition of De Eendragt and Axent, while the impact on the assets was offset by the reduction of the duration of the assets.

	< 1 year	1-5 year	5-10 year	10-20 year	> 20 year
31 December 2015					
Fixed income assets	6,083	7,121	7,892	9,873	15,664
Liabilities	-3,985	-7,539	-7,663	-13,291	-24,965
	2,098	**-418**	**229**	**-3,418**	**-9,301**
31 December 2014					
Fixed income assets	7,314	7,408	7,673	9,112	15,753
Liabilities	-5,262	-6,589	-6,058	-11,244	-19,537
	2,052	**819**	**1,615**	**-2,132**	**-3,784**
31 December 2013					
Fixed income assets	4,913	3,790	9,810	11,712	11,845
Liabilities	-2,137	-6,565	-5,489	-10,849	-19,985
	2,776	**-2,775**	**4,321**	**863**	**-8,140**

5.3.5 Counterparty default risk

Counterparty default risk reflects possible losses due to unexpected default or deterioration in the credit standing of counterparties and debtors. Counterparty default risk affects several types of assets:

- mortgages;
- savings-linked mortgage loans;
- derivatives;
- reinsurance;
- receivables;
- cash and deposits.

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

5.3.5.1 Mortgages

Mortgages are granted for the account and risk of third parties and for a.s.r.'s own account. The a.s.r. portfolio consists only of Dutch mortgages with a limited credit risk. In line with the strategic investment plan, the mortgage portfolio increased by € 985 million in 2015. The majority of new mortgages in 2015 were guaranteed by the Dutch national mortgage guarantee fund (NHG).

	31 December 2015		31 December 2014		31 December 2013	
Mortgage: loan to collateral value	Amount	Percentage	Amount	Percentage	Amount	Percentage
Mortgage with NHG	4,050	62%	3,413	61%	2,797	58%
Mortgage < 75% Loan-to-Value	1,163	18%	965	17%	867	18%
Mortgage < 100% Loan-to-Value	575	9%	428	8%	434	9%
Mortgage < 125% Loan-to-Value	677	10%	540	10%	476	10%
Mortgage > 125% Loan-to-Value	72	1%	206	4%	222	5%
	6,537	**100%**	**5,552**	**100%**	**4,796**	**100%**

The Loan-to-Value ratio is based on the outstanding principal with respect to the a.s.r. calculated collateral. As a rule, a.s.r.'s mortgage portfolio is secured by collateralizing the linked life insurance contracts. a.s.r. generally does not grant interest-only mortgages.

At year-end 2015 0.57% (2014: 0.65%; 2013: 0.59%) of mortgages were more than three months in arrears.

5.3.5.2 Savings-linked mortgage loans

Savings-linked mortgages have been sold with savings-linked contracts carried in a.s.r.'s statement of financial position where the mortgage loan is recognized in the balance sheet of third parties. One of the characteristics of a savings-linked mortgage loan is that the interest on the insurance contract and the interest on the mortgage loan are linked. At the same time, a.s.r. extends loans to these third parties with a nominal value equal to the value of the savings-linked contract and at an interest rate linked to the interest rate on the mortgage. The amortized cost of these loans amounted to € 2,800 million at year-end 2015 (2014: € 2,702 million; 2013: € 2,520 million).

Savings-linked mortgage loans	31 December 2015	31 December 2014	31 December 2013
Counterparty SPV	1,763	1,674	1,264
Agreement cession-retrocession	697	129	369
Other	340	900	887
Total	**2,800**	**2,703**	**2,520**

The credit risk of the savings-linked mortgage loans depends on the counterparty. For 63% of the portfolio the counterparties are Special Purpose Vehicles. The risk is limited due to the robust quality of the mortgages in the Special Purpose Vehicles in combination with the tranching.

a.s.r. has a cession-retrocession agreement with the counterparty for 25% of the portfolio, for which the risk is limited. Effectively, a.s.r. receives the underlying mortgage loans as collateral, mitigating the credit risk of the savings-linked mortgage loans.

The remaining 12% of the savings-linked mortgage loans portfolio by credit rating of the counterparty is shown below. Due to a new agreement cessie-retrocessie the exposure to the category AA other was reduced to zero.

Savings-linked mortgage loans - other	31 December 2015	31 December 2014	31 December 2013
AAA	14		
AA		561	536
A	326	339	351
Total	**340**	**900**	**887**

5.3.5.3 Derivatives

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

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

5.3.5.4 Reinsurance

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

Ratings reinsurance	31 December 2015	31 December 2014	31 December 2013
AA	80%	80%	8%
A	20%	20%	91%
NR			1%

The table above shows the exposure to reinsurers per rating. The total exposure to reinsurers at year-end 2015 was € 611 million (2014: € 419 million; 2013: € 407 million). The increase in the total exposure in 2015 is explained by the reinsurance agreement with Legal and General Re (via Hannover Re as fronting reinsurer).

5.3.5.5 Receivables

Receivables	31 December 2015	31 December 2014	31 December 2013
Policyholders	194	293	325
Intermediaries	96	160	174
Reinsurance operations	77	76	108
Health insurance fund	97	60	
Other	184	190	248
Total	**648**	**779**	**855**

An accumulated impairment loss for receivables of € 45 million was recognized in 2015 (2014: € 52 million; 2013: € 35 million).

5.3.5.6 Cash and deposits

The current accounts amounted € 1,444 million in 2015 (2014: € 571 million; 2013: € 750 million).

Ratings current accounts	31 December 2015	31 December 2014	31 December 2013
AAA	1%		
A	99%	100%	100%

Total deposits amounted to € 1,178 million (2014: € 2,626 million, 2013: € 1,079 million).

Ratings deposits	31 December 2015	31 December 2014	31 December 2013
Secured deposits	1,178	2,064	850
AAA	0	61	69
A	6	501	160
Total	1,184	2,626	1,079

5.3.6 Insurance risk

Insurance risk is the risk that future insurance claims and benefits cannot be covered by premium and investment income, or that insurance liabilities and results are incorrectly determined, because expenses, claims and benefits differ from the assumptions used in the development and premium-setting of a product. Insurance risk manifests itself in both the non-life and the life portfolio. The non-life portfolio covers the property and casualty, disability and healthcare sectors. The life portfolio is a reasonably diversified portfolio consisting of products with either mortality risk or longevity risk.

Risk-mitigating measures are used to reduce and contain the volatility of results or to decrease the possible negative impact on value as an alternative for the capital requirement. Proper pricing, underwriting, reinsurance, claims management, and diversification are the main risk mitigating actions for insurance risks. By offering a range of different insurance products, with various product benefits and contract lengths, and across life, disability and health and P&C insurance risk, a.s.r. reduces the likelihood that a single risk event will have a material impact on a.s.r.'s financial condition.

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

a.s.r. has assessed the impact of various sensitivities on the regular solvency ratio (Solvency I):

1. Lapse +10%;
2. Expense +10%;
3. Mortality -5%.

These shocks have no impact on the 2015, 2014 and 2013 total equity and the profit for these years, because a.s.r. would still pass the IFRS Liability Adequacy Test (LAT). The sensitivities will result in a decrease of the surplus in de Liability Adequacy Test but the outcome would still be positive. For a description of the IFRS LAT, see accounting policy J, chapter 5.2.2.

	31 December 2015 Impact on available DNB solvency (305%)	31 December 2014 Impact on available DNB solvency (285%)	31 December 2014 Impact on available DNB solvency (268%)
1. Lapse +10%	-0.2%	-0.3%	-0.5%
2. Expense +10%	-3.7%	-2.2%	-2.6%
3. Mortality/Morbidity -5%	-1.0%	-1.6%	-1.1%

5.3.6.1 Non-life insurance portfolio

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

Property and Casualty

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

Disability

- Disability: disability coverage in the portfolio includes both individual coverage for self-employed persons and (semi-) group coverage for employees. The latter group also qualifies for employees disability cover (WIA, including WGA-ER);
- Sickness leave: coverage includes continued salary payments for the first two years of the individual's incapacity for work.

Health

- Health insurance: contracts cover medical expenses incurred by physicians and hospitals, and other medical expenses. Basic coverage ('Basisverzekering') is mandatory for all residents of the Netherlands and offers limited coverage as stipulated by the Dutch government. Additional coverage ('Aanvullende verzekering') is sold for a higher level of medical care.

Non-life insurance liabilities

In Property and Casualty and health insurance, the provisions are based on case reserves estimates for reported claims, as well as additional provisions such as IBN(E)R provisions. In disability insurance the provisions are based on assumptions underlying the premium calculation. In the case of disability current information is taken into account. By applying shadow accounting, recent impact of movements in the interest rates and credit spreads on corporate bonds are recognized in the provisions.

In particular for WGA the provision unavoidably depends on expert judgement. Since the WIA law was introduced in 2006 and the WGA product has a two year waiting period, only limited and often unstable claims information is available. In particular, expert judgment is used on longer term recoveries and the outflow to the IVA (Inkomensvoorziening Volledig Arbeidsongeschikten) for fully disabled. Both are being stimulated by disability reassessments. Indications are that these are effective.

Provision for unearned premium income

Generally, the provision for unearned premium income is calculated based on the premium for own account, proportionate to the unexpired portion of the premium payments. A separate provision is formed for insurance contracts with increasing risk over the duration of the contract where premiums not related to the age of the policyholder are concerned. For Health insurance the provision has the characteristics of an insufficient premium reserve that is based on estimates of the profitability in 2016. Changes in the provision for unearned premiums are recognized through profit and loss, which means that the income is recognized during the same risk period.

Provision for claims

The provision for claims consists of the estimated amount of the reported but not settled claims plus an amount for claims not yet reported or incurred during or before the financial year. The latter part is based on historical information. This provision includes a provision for payable external claims handling costs.

The provision for claims also consists of provision for unexpired risk. A provision for unexpired risk is formed to the extent that future claims and expenses – in respect of current insurance contracts – exceed future contractual premiums, taking into account the current unearned premium reserve.

The provision for claims for disability insurance equals the present value of the expected benefits, taking account of the policy terms and conditions and waiting periods, as well as the chances of recovery and death.

For the retained disability portfolio, a provision is formed for current risk exposure on contracts concluded in 2015 that run until 31 December 2016. This provision is based on the difference between premiums required for accounting and actuarial purposes.

The balance sheet of a.s.r.'s basic health insurance ('Basisverzekering') includes an estimate related to the expected settlement because of equalization ('vereveningsmethodiek'). The estimate is made by internal actuaries per year based on the latest updated health information for the Netherlands. At the end of the first quarter, a.s.r. monitors if the assumptions used are correct. The final settlement is recognized three years after the end of the financial year.

For social as well as commercial reasons, and in line with most competitors, a.s.r. has set the Basic Health premium level for 2015 below its actuarial cost price. A provision of € 39 million has been established to reflect this.

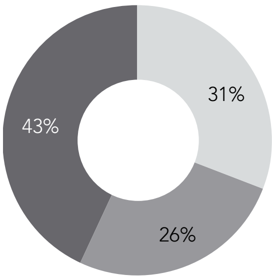
The provisions for claims and the provision for unearned premiums at year-end 2015, 2014 and 2013 can be broken down as follows:

	31 December 2015	31 December 2014	31 December 2013
P&C	**976**	**970**	**1,005**
Provision for claims	767	770	799
Provision for unearned premium	209	200	206
Disability	**3,195**	**3,230**	**2,885**
Provision for claims	3,040	3,036	2.682
Provision for unearned premium	155	194	203
Health	**342**	**371**	**350**
Provision for claims	303	346	345
Provision for unearned premium	39	25	5
Total	**4,513**	**4,571**	**4,240**

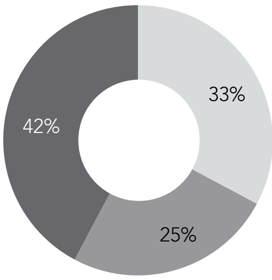
The adequacy of these provisions are reviewed at each reporting date using appropriate current principles.

Premiums
Total gross written premium income in 2015 amounted to € 2,350 million (2014: € 2,359 million; 2013: € 2,392 million). In 2015 the net reinsurance premium amounted to € 86 million (2014: € 136 million; 2013: € 118 million), which represents 3.66% (2014: 5.76%; 2013: 4.95%) of gross premium income.

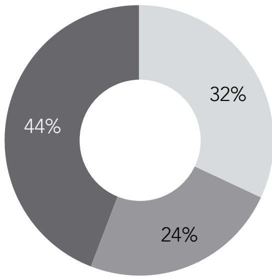
Gross premiums written



Gross written premiums 2015



Gross written premiums 2014



Gross written premiums 2013

	2015	2014	2013
Disability	31%	33%	32%
Health	26%	25%	24%
Property and Casualty	43%	42%	44%

The above diagrams illustrate the distribution of gross premium income across the different business lines. For disability insurance contracts, the premium income is relatively low compared to the claims reserve. Due to the rapid settlement of the P&C business in general, which generates 43% of premium income, the P&C business only represents 19% of the total claims reserve.

P&C insurance risk
P&C insurance risk is the risk that future P&C insurance claims and benefits cannot be covered by premium and/or investment income, or that P&C insurance liabilities and results are threatened because the assumptions, used in the development and premium-setting of a product are not realistic.

P&C insurance risk primarily comprises of risks resulting from third-party liability and general third-party liability. Insurance liabilities are formed to cover the scale and the long-term character of the claims.

Disability and health insurance risk
The main risks within the disability and health portfolio are disability, health, lapse and revision risk.

Disability risk is the risk associated with the uncertainty of claims as a result of higher than expected disability rates and levels in portfolios containing disability insurance products. An additional uncertainty is that recovery or mortality rates might be lower than expected.

Illness, disability and recovery are affected by the economic climate, government intervention, progress in medical science and healthcare costs.

Health risk is the risk that future health insurance claims and benefits cannot be covered by premium and/or investment income, or that health insurance liabilities and results are threatened because the assumptions, used in the development and premium-setting of a product are not realistic.

Lapse risk is the risk that policyholders use options available in the insurance contracts in a way that is different from a.s.r.'s expectations. Lapse therefore affects the profitability of the insurance contracts.

Revision risk manifests itself exclusively in the disability insurance portfolio. Revision risk is the risk of loss, or of adverse change in the value of insurance liabilities resulting from fluctuations in the level, trend, or volatility of the revision rates applied to annuities, due to changes in the legal environment or in the state of health of the person insured.

Managing non-life insurance risk

Non-life insurance risk is managed by monitoring claims frequency, the size of claims, inflation, handling time, benefit and claims handling costs, and biometrical risks (disability, recovery, illness, death). Concentration risk also qualifies as an insurance risk.

In recent years, measures have been taken to improve profitability and to reduce risk. Examples are: premium increases, stricter acceptance criteria, shorter claims filing terms and making use of the claims reassessment arrangement between the Dutch Association of insurers and social security institute UWV. Effects are being monitored closely and assessed to be effective. New legislation, in force as January 1 2017, will invoke market-wide changes to the product design, pricing and conditions, thereby creating both additional market opportunities and creating additional risks for a.s.r.

Claims frequency, size of claim and inflation

To mitigate the risk of claims, a.s.r. bases its underwriting policy on claims history and risk models. The policy is applied to each client segment and to each type of activity. In order to limit claims and/or ensure that prices are adjusted correctly, the acceptance policy is continually refined using a number of indicators and statistical analyses. The product lines also use knowledge or expectations with respect to future trends to estimate the frequency, size and inflation of claims. The risk of unexpected major damage claims is contained by policy limits, the concentration of risk management and specific risk transfer contracts (e.g. reinsurance).

Handling time

The time required for handling and settling claims is an important factor. The settlement of claims that have a long handling time, such as liability claims, can take many years. Analyses are performed regularly and based on a.s.r.'s experience in similar cases, historical trends – such as the pattern of liabilities – increases in risk exposure, payment of damages, the scale of current and not yet settled damage claims, court rulings and economic conditions.

Benefit and claims handling costs

Taking estimated future inflation into account, benefit and claims handling costs are managed on the basis of regular reviews and related actions.

Disability risk

Disability risk is controlled by means of regular evaluation of historical claims patterns, expected future developments and price adjustments. Disability risk is mitigated by a.s.r. through underwriting criteria and a proactive reintegration policy. a.s.r. also mitigates its disability risk through suitable reinsurance.

Concentration risk

The risk exposure of a.s.r. on its non-life portfolio is geographically almost entirely located in the Netherlands. Concentration of insurance risks is particularly prevalent in the fire risk portfolio (i.e. home and content, with storm risk forming the most important factor). Storm risk is managed by means of suitable reinsurance (see also 'Reinsurance').

There is also a concentration of risk in group disability schemes. Group disability contracts are underwritten within the scope of disability cover for employees in the Netherlands (WIA).

Reinsurance

When deemed effective in terms of capital relief versus costs incurred, a.s.r. enters into reinsurance agreements to mitigate non-life insurance risks. Reinsurance can be taken out for each separate claim (per risk), for the accumulation of claims due to natural disasters or to human actions (per event), or for both these risks.

The level of retention in the various reinsurance contracts is aligned to the size and the risk profile of the underlying portfolios, taking account of the cost of reinsurance on the one hand and of the risk that is retained on the other. By determining the retention, the impact on the statement of financial position is taken into account as well. The difference in the retention of disability depends on the structure of the contract (basic coverage or indexed).

To limit risk concentration, reinsurance contracts are placed with various reinsurance companies. a.s.r. requires the counterparties to be rated at least single A. The reinsurance programme has remained largely the same as previous years in terms of cover and limits. The most significant reinsured risks are windstorm and individual disability. In 2015, a.s.r. purchased excess of loss reinsurance for accident year 2016 for windstorm in excess of € 30 million with a limit of € 344 million. For individual disability for self-employed policyholders approximately 30% of the inception risk is being reinsured.

5.3.6.2 Life insurance portfolio

The life insurance portfolio of a.s.r. is diverse. The portfolio can be divided into two main product types: individual life (including funeral insurance) and group life. The insurance contracts are sold primarily to retail and wholesale clients through intermediaries.

The life insurance portfolio contains individual and group insurance contracts. The products are sold as insurance products in cash and unit-linked contracts. With respect to products in cash, the investment risk is borne fully by the insurer whereas, in case of unit-linked products, the majority of the investment risk is for the policyholder's account.

Life insurance liabilities

The technical provision is based on the premium calculation at the time the contract is issued. The probability of death is based on past experience and on expected future developments in mortality rates. Additional liabilities are arranged in case of unfavourable trends following the issue date (e.g. increased life expectancy).

In life insurance the provisions are based on assumptions underlying the premium calculation. By applying shadow accounting, recent impact of movements in the interest rates and credit spreads on corporate bonds are recognized in the provisions.

The provision at year-end 2015, 2014 and 2013 can be broken down as follows:

Life insurance contracts	31 December 2015	31 December 2014	31 December 2013
Individual	**14,470**	**13,552**	**12,295**
Without profit-sharing	6,462	4,897	4,161
Contractual profit-sharing (and interest margin participation)	6,391	6,590	5,984
Discretionary profit-sharing	1,617	2,065	2,150
Group	**11,590**	**10,100**	**7,393**
Without profit-sharing	4,481	1,827	1,578
Contractual profit-sharing (and interest margin participation)	7,109	8,276	5,780
Discretionary profit-sharing	0	0	0
Total	**26,060**	**23,655**	**19,653**

The increase in total life insurance contracts mainly results from the acquisition of AXENT and De Eendragt amounting to € 3,168 million. The development of the provision is explained in chapter 5.16.

Insurance contracts on behalf of policyholders	31 December 2015	31 December 2014	31 December 2013
Individual	**6,189**	**6,412**	**6,384**
No guaranteed return	5,217	5,424	5,664
Guaranteed return	972	988	720
Group	**3,808**	**3,367**	**2,608**
No guaranteed return	1,996	1,765	2,287
Guaranteed return	1,812	1,602	321
Total	**9,997**	**9,779**	**8,992**

The development of the provision is explained in chapter 5.16.

Adequacy of insurance liabilities

The adequacy of the technical insurance liabilities is tested at least every quarter. The a.s.r. testing policy for liabilities complies with IFRS requirements and DNB guidelines (see accounting policy J, chapter 5.2.2).

The overall adequacy of the liabilities arising from insurance contracts at 31 December 2015 has been confirmed by internal actuaries and certified by external actuaries.

Life insurance risk

Life insurance risks are the risks related to the events insured by a.s.r. and comprise mortality, longevity, disability, lapse, expense and catastrophe risks. These risks result from the pricing and acceptance of insurance contracts as well as the management and development of the insurance portfolio. Life insurance risk manifests itself in ASR Levensverzekering N.V., AXENT NabestaandenZorg N.V. and De Eendragt Pensioen N.V. The main product lines are life products, pension products and funeral products.

A life insurance product provides an entitlement to a benefit at the time of death of the insured and/or a benefit at a predetermined date/interval if the insured is- alive at that time. The uncertainties related to a life insurance contract have to do with the date of death of the insured (mortality, longevity and catastrophe risk), the lapse rate (the possibility that a contract lapses), and the future development of expenses associated with the policy. A specific feature of life insurance contracts is that they usually last for many years. This feature increases the uncertainties with respect to life contracts. The risk that the investment income will be not sufficient is regarded as market risk (see chapter 5.3.4).

The following life risks are distinguishes by a.s.r.:
- Mortality risk: the risk of losses due to the possibility that actual mortality exceeds expected mortality;
- Longevity risk: the risk of a structural increase in the insured's life expectancy that leads to an increase in expectations of future annuity and pensions benefits;
- Catastrophe risk: the risk of a large-scale one-off loss due to a single event causing high death-claims, such as a pandemic;
- Disability risk: the risk associated with the uncertainty of claims as a result of higher than expected disability rates and levels in portfolios containing disability insurance products;
- Lapse risk: the risk of losses due to policyholders exercising their rights, if any, to surrender their contracts;
- Expense risk: the risk of losses due to a change in the level, development or volatility of company expenses.

Mortality, longevity and catastrophe risk

Mortality risk occurs when claims are higher due to higher mortality experience (for instance in relation to term insurance). Longevity risk is the risk that insured persons live longer than expected due to mortality improvements. Mortality risk and longevity risk can be subdivided into:
- Volatility: random fluctuations in annual mortality rates in relation to the modelled trend;
- Trend uncertainty: structural decline in the insured's life expectancy.

For contracts that guarantee benefits during a policyholder's lifetime, longevity risk is mainly a trend risk. The adequacy of insurance liabilities is measured using information gathered from the most recent published mortality table of the Actuarial Society of the Netherlands published in 2014, 'Prognosetafel AG2014'. This recent table contains the latest available data on mortality trends for the Dutch population.

The longevity risk is partially offset by the opposite risk (i.e. mortality risk) in other parts of the life insurance portfolio (unit-linked, funeral, term insurance). Changes in mortality tables impact the future expected benefits to be paid and the present value of these future impacts is reflected directly in measures. Longevity risk exposes a.s.r. primarily to mortality improvements and the present value impact is larger when interest rates are low.

Life catastrophe risk measures the impact of a sudden one-year increase of the mortality rates on the financial position of a.s.r. In general, catastrophe risk diversifies well with other risks.

Disability risk

In a.s.r.'s life insurance portfolio, disability risk is limited. It relates to additional cover for disability risk on life insurance policies such as premium waivers. a.s.r.'s exposure to disability risk lies mainly in disability insurance which pays out a fixed amount, reimburses losses (e.g. loss of income), or pays for expenses of medical treatment related to certain illness or disability events.

Lapse risk

Lapse risk is the risk that policyholders use options available in the insurance contracts in a way that is different from that expected by a.s.r. Depending on the terms and conditions of the insurance policy and the laws and regulations applicable to the policy, policyholders could have the option to surrender or to make the policy paid up. If a policyholder has the right to surrender their contract, an amount is paid to the policyholder (the surrender value) and the contract is cancelled. A contract can also be terminated if the policyholder decides to cease to pay any further premiums. The contract is then converted into a paid-up contract. Lapse therefore affects the profitability of the insurance contracts.

The provision for each life insurance contract equals at least the surrender value or the paid-up value of the contract. As a result no direct loss from lapses are recognized in the financial statements. Although a lapse does not lead to a direct loss in the statement of income, due to the surrender value requirement underlying the provision, a lapse might lead to a loss of future profits.

Drivers of lapse risk include the state of the economy, the financial position of the policyholder, the financial strength of the insurer, the reputation of the insurer and fiscal policy. Also, changes in tax laws and regulations can affect lapse behaviour, particularly when the tax treatment of their products affects the attractiveness of these products for customers.

Expense risk

A part of the administrative expenses is variable, depending on the size of the business and sales volumes, and part are fixed and cannot immediately be adjusted to reflect changes in the size of the business. Expense risk relates primarily to the fixed part of a.s.r.'s expenses, and is the risk that actual per policy expenses in the future exceed the assumed per policy expenses.

Product features ensure that there is no risk on commission fees. Expense risk is therefore restricted to maintenance expenses. Projections are made of future maintenance expenses and the expected future income from contracts to cover those maintenance expenses. This prospective analysis of maintenance expenses are the basis for managing and controlling expense risk. In 2015 a.s.r. again carried out extensive analysis of the cost allocation process and the modeling of costs in the products in the segment Life. The impact of any (methodology) change in the costs modelling or parameter setting is quantified by sensitivity analysis. The sensitivity analysis gives insight in the expense risk as well.

Managing life insurance risk

Life insurance risk is mitigated by pricing ,underwriting policies and reinsurance.

Pricing is based on profit capacity calculations. The necessary price to cover the risks is calculated. The risk are quantified on the basis of best estimate assumptions of mortality rates, surrenders, expenses and interest rates.

Underwriting policies describe the types of risks and the extent of risk a.s.r. is willing to accept. Policyholders may be subjected to medical screening for individual life insurance.

Reinsurance

The group enters into reinsurance contracts to minimize insurance risks. Reinsurance may be in place for a separate contract or for all or part of the portfolio. In order to optimise its balance sheet risks, ASR Levensverzekering N.V. entered into a reinsurance agreement with Legal and General Re (via Hannover Re as fronting reinsurer) in 2015. The agreement entailed the transfer of € 201 million of pension obligations to Legal and General Re.

Reinsurance and other risk-mitigating measures are used to reduce and contain the volatility of results or to decrease the possible negative impact on value as an alternative for the capital requirement. Reinsurance arrangements have been set up to mitigate the effects of catastrophes on earnings.

The level of retention in different reinsurance contracts is aligned to the size and the risk profile of the underlying portfolios. This includes taking account of the cost of reinsurance on the one hand and the risk that is retained on the other.

5.3.6.3 Post-employment benefits

Post-employment benefits are sensitive to several risks, which together form the risk that the liabilities exceed the assets of a defined benefit pension plan. To fulfil the obligation to finance the pension plan, ASR Nederland N.V. has insured the post-employment benefit plans for a.s.r.'s employees primarily with ASR Levensverzekering N.V., an insurance company within the a.s.r. group. As a result of the acquisition in 2015 there are a number of new pension plans which are mainly insured with other insurance companies.

ASR Levensverzekering N.V. is the insurer of the majority of the post-employment benefit plan and as such the asset liability management and risk management is performed in accordance with the relevant insurance risks as disclosed in chapter 5.3.6.2. The non-qualifying assets managed by group companies are used to fund the liability and are not deducted from the defined benefit obligation.

These are schemes under which staff is awarded pension benefits upon retirement. The main risks for these plans are interest rate, longevity and inflation risk. A description of the plans, assumptions, sensitivities and disclosure related to the post-employment benefits plans is included in chapter 5.17.

As discussed in chapter 5.3.4.1 interest rate risk is managed on a legal entity basis and for the group all interest rate sensitive balance sheet items are in scope, including the post employee benefit obligations of the group. As a result the mitigating measure taken through the use of the overlay portfolio of interest rate swaps and swaptions are not allocated to specific sub portfolios. The unrealized fair value gains and losses of the derivatives, included in the overlay portfolio of interest rate swaps and swaptions, are recognized through shadow accounting in the liabilities arising from insurance contract. Hereby a.s.r. ensures that the insurance contract liability is sufficient to meet its commitments towards its policyholders.

5.3.7 Strategic and operational risk

Strategic risk is defined as the risk that a.s.r. will not reach its strategic objectives, because risk considerations are not or incorrectly addressed in decision-making processes, incorrect implementation of decisions and/or failure to respond adequately to market developments. Since a.s.r. wants to remain a solid, trusted and profitable insurance company in the Dutch insurance market, which is continuously under pressure, it is extremely important to identify strategic issues and opportunities and to take the appropriate actions.

Operational risk is the risk of losses resulting from inadequate or failing internal processes, persons and systems, or from external events (including legal risk).The main areas where operational risks are incurred are operations, IT, outsourcing, integrity and legal issues.

Strategic and operational risks are mitigated at different levels in the organization.

Strategic risk

Risk priorities

The Executive Board of a.s.r. decides annually on the most important risk priorities. The definition of risk priorities is the result of both a bottom-up and top down process. Bottom up through the results of the Control Risk Self Assessments of the business units, top down through the results of a strategic risk analysis with the board. Risk Management reports the actual status of the risk priorities and progress made on the defined actions to the a.s.r. Risk Committee on a quarterly basis.

Own Risk and Solvency Assessment

a.s.r. conducts an own risk and solvency assessment (ORSA) at both group and legal entity level each year or more frequently if required by significant changes in a.s.r.'s risk profile. The ORSA is a tool for risk and capital management. In this assessment, strategic risks are transposed into scenarios. In these scenario's the impact on the balance sheet, the solvency position and the income statement is simulated. Management actions are defined in order to mitigate the impact of risks modelled in the various scenarios.

Control Risk Self-Assessment

Under supervision of Group Risk Management, a Control Risk Self-Assessment (CRSA) is conducted annually for all a.s.r. business lines and staff departments to identify risks that have an impact on the achievement of the organization's strategic objectives. Following this assessment, each department prepares a report outlining all identified key risks and actions taken to mitigate these risks. This report and the mitigating actions are authorized by the management teams of the business units and the Executive Board. Senior Management signs the Management in Control Statement (MCS) each year which is based on the CRSA. Progress made on the mitigating actions as defined in the CRSA is monitored on a quarterly basis in the Business Risk Committees and reported to the Non-Financial Risk Committee.

Operational risk

Management in control

a.s.r. has developed a Management in Control framework that entails the most important risks for a.s.r.'s operating activities. It is a tool that is used to improve the efficiency and effectiveness of a.s.r.´s operating processes. This framework includes operational (including IT), financial reporting and compliance risks and controls and ensures the reliability, accuracy, timeliness, and quality of our internal and external reporting processes. Identified risks need to be managed within the stated risk appetite ambition. Key controls are periodically tested for operational effectiveness and reported to the Business Risk Committee and Non-Financial Risk Committee on a quarterly basis. Group Risk Management reviews the quality of the Management in Control Frameworks of all business lines on a continuous basis to ensure a sufficient level of internal control.

Operational losses

a.s.r. has a process in place for reporting losses in excess of € 5,000 (five thousand) to the Group Risk Management department. Losses below this level are reported within the business unit. The causes of losses and lessons learned are evaluated, which can result in enhancements to our Management in Control framework. Losses are reported to the Non-Financial Risk Committee.

Business Continuity Management and contingency planning

Critical processes and activities are identified, including the resources needed to establish similar activities at a remote location. The continuity of the activities and the recovery of systems supporting critical activities is regularly tested. Crisis teams have been established and are trained every year to deal with any type of catastrophe. The objective of the training is to give the teams insight into how they function and help them do their job in case of an emergency. The training also clarifies the roles, duties and responsibilities of the members of the crisis teams.

Information security

Because of the importance of information security in an increasingly digital community with cyber threats, a.s.r. devotes special attention to the efficiency, effectiveness and integrity of ICT. The logical access control for key applications used in the financial reporting process remains a high priority in order to enhance the integrity of applications and data. The logical access control procedure also prevents fraud by improving segregation of duties and by conducting regular checks of actual access levels within the applications. Proper understanding of information, security and cyber risks is essential, and this is why actions are carried out to create awareness among employees and business lines.

5.3.8 Monitoring of new and existing products

Group Risk Management, Integrity and Juridical Affairs participate in the product approval committee (PARP). All these departments evaluate if risks in newly developed products are sufficiently addressed. New products need to be developed in a way that they are cost efficient, reliable, useful and secure. New products also need to have a strategic fit with a.s.r.'s mission to be a solid and trustful insurer. Also the risks of existing products are evaluated, as requested by the PARP as a result of product reviews.

5.3.9 Hedge accounting

The group has entered into a limited number of cash flow hedges, for which it applies hedge accounting to hedge some of its interest rate risk in the Real Estate Development segment. These hedging transactions, only hedge risk on a limited number of separate property development contracts. Under IFRS, derivatives are measured at fair value in the balance sheet and any changes in the fair value are recognized through profit and loss. In the event that changes in the fair value of hedged risks are not recognized through profit and loss, an accounting mismatch occurs, making the results more volatile. In these

cases, hedge accounting is applied to mitigate the accounting mismatch and volatility.
For details on the notional amounts and the fair values of the derivatives for hedging purposes, see chapter 5.11.

5.3.10 Solvency II

Solvency II is the regulatory framework for European insurance companies that is has come into force at 1 January 2016 after many years of preparation. The Solvency II regime contains requirements that insurance companies need to comply with. The introduction of the new regime is intended to harmonize the European insurance market, increase protection of policyholders and improve risk awareness in both the governance and management of insurance companies. Solvency II sets more sophisticated solvency requirements and will form an integral part of the risk management of insurance companies.

The European Commission and EIOPA have announced to review the Solvency II regulatory framework after the implementation. In this review, that will take place in 2018, adjustments will be proposed to improve the quality of the framework. One of the items for which the review already started is the methodology to derive the ultimate forward rates. EIOPA intends to decide on the outcome of the review in September 2016. Adjustment to the ultimate forward rates in an environment of low interest rates could have a major impact on the insurance industry.

5.4 Capital Management

5.4.1 Capital management objectives

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

Until 2015 Solvency I is the supervisory regime, from 1 January 2016 it will be Solvency II. The group has done its preparations for the Solvency II capital requirements. In 2015, a.s.r. has implemented a process to report the Solvency Capital Requirement as defined by Solvency II using the latest standard Solvency II model, as defined in the Delegated Act, and additional guidance received from DNB during 2015 to quantify the risks. The implementation of Solvency II will be finalized in 2016.

In addition, a.s.r. uses an Economic Capital (ECAP) method that in a.s.r.'s view reflects its own risk profile more accurately. The ECAP method will continuously be refined further, reflecting changes in our portfolio and increasing understanding of our risk profile. Both SCR and ECAP are reported on a quarterly basis and proxies are made on a monthly basis. Per year-end 2015 a.s.r. has sufficient capital to meet the solvency limits included in a.s.r. risk appetite and the solvency targets.

5.4.2 Solvency

The regulatory solvency capital (Solvency I) of a.s.r.:

	December 2015	December 2014	December 2013
Solvency available (incl UFR)	5,575	4.984	4,182
Solvency required	1,830	1,749	1,563
Solvency ratio (incl UFR)	305%	285%	268%
Solvency available excl UFR	3,910	3,576	3,693
Solvency required	1,830	1,749	1,563
Solvency ratio excl UFR	214%	204%	236%

The solvency ratio including UFR as reported to the regulator increased from 285% to 305%. The available solvency increased by € 591 million. Amongst others, this is a result of positive return on equities, an increase of the value of the mortgages due to a decrease in the discounting spread, new issued subordinated liabilities and the acquisition of De Eendragt and Axent. The adjustment of models and non-economic assumptions had a negative impact on available solvency. The required solvency increased by € 81 million, mainly as a result from the acquisition of De Eendragt and Axent.

The regulator has prescribed application of the UFR to the discounting curve since 30 June 2012. As a result, the forward interest rates converge to a level of 4.2%. This has an impact of 91%-point (2014: 81%-point, 2013: 32%-point) on the regulatory solvency ratio. With respect to 2014 this impact has increased because of the acquisition of De Eendragt and Axent. Since the assumption of the UFR is artificial and might be too optimistic, a.s.r. also evaluates its solvency position without applying the UFR to the discounting curve. The next table shows the reconciliation of the available solvency to IFRS equity.

	December 2015	December 2014	December 2013
Equity	4,259	3,709	3,654
Subordinated loans	415	0	0
Correction intangible assets	-241	-105	-191
Test margin	799	899	407
Elimination of post-employment benefit plan	343	481	312
Solvency available	**5,575**	4,984	4,182

In 2015 the accounting treatment for real estate was adjusted, revaluations are now recognized in IFRS equity. With the consent of DNB, the margin on insurance liabilities (DNB LAT margin) has been taken into account in determining regulatory solvency. For a description of the LAT, see chapter 5.2.1. Besides monitoring at group level, a.s.r. also monitors and manages the regulatory solvency of its registered insurance companies. DNB approval is required, prior to dividend payments or other repayments of equity by ASR Nederland N.V. and any of its registered insurance companies.

The a.s.r. post-employee benefit plans are insured by ASR Levensverzekering N.V., a registered insurance company. The post employee benefit provision in excess of the insurance provisions is eliminated in determining the regulatory solvency available and the regulatory solvency required. As of 2014 the elimination of post-employment benefit plan also includes the separate account of ASR Levensverzekering N.V. related to the funding of future inflation indexation as mentioned in paragraph 5.17.1.

5.4.3 Rating

Standard & Poor's confirmed the single A rating of ASR Levensverzekering N.V. and ASR Schadeverzekering N.V. on 7 July 2015.

Ratings Standard & Poor's	Type	Rating	Outlook	Date
ASR Nederland N.V.	CCR	BBB+	Stable	7 July 2015
ASR Levensverzekering N.V.	CCR	A	Stable	7 July 2015
ASR Levensverzekering N.V.	FSR	A	Stable	7 July 2015
ASR Schadeverzekering N.V.	CCR	A	Stable	7 July 2015
ASR Schadeverzekering N.V.	FSR	A	Stable	7 July 2015

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

5.4.4 Dividend and capital actions

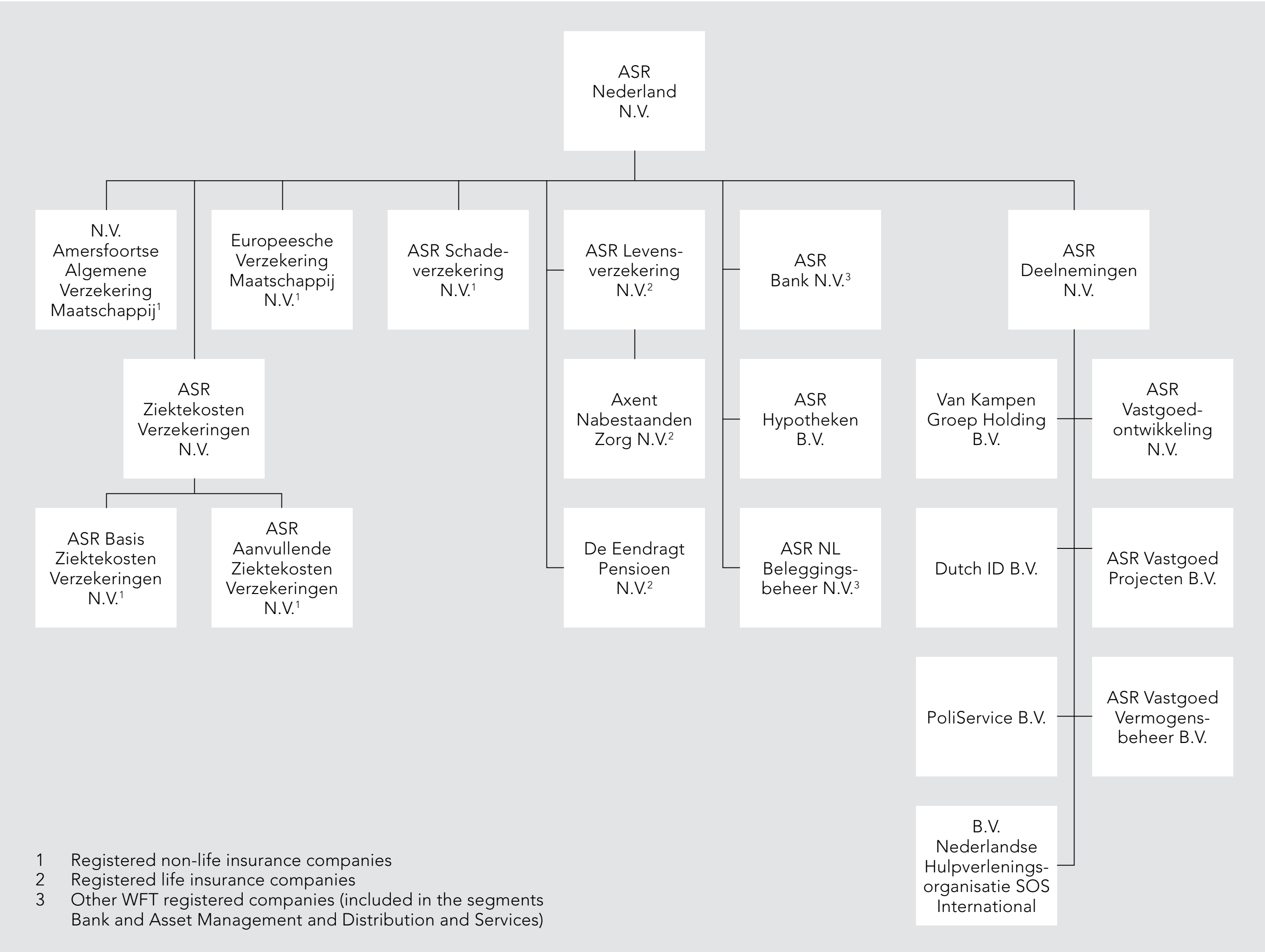
The group intends to distribute a stable dividend to the shareholders each year, subject to capital management objectives and restrictions, including the fungibility of capital from the registered insurance companies. Dividends are based on a pay-out of 40%-45% of profit attributable to equity holders after distribution to holders of other equity instruments.

In line with its objective to optimize capital position on an ongoing basis, a.s.r. issued a € 500 million Tier 2 bond transaction (see chapter 5.15). The issuance enabled a.s.r. to benefit from advantageous market circumstances further improving the quality of its hybrid capital. Proceeds from the new issue were used to fund acquisitions and create additional capital and liquidity buffer at a.s.r. group level. The terms of this transaction fully meet the requirements as stated in the new Solvency II regulation and illustrate the continuous optimization of a.s.r. in this area.

5.5 Group structure and segment information

5.5.1 Group structure

The a.s.r. group comprises a number of operating and holding companies. The legal structure of the most significant a.s.r. group entities as per 31 December 2015 is as follows:



Segment information

With effect from 1 January 2015 a.s.r. has made changes to its identified segments. The non-insurance activities are presented as the Banking and Asset Management segment, Distribution and Services segment, Holding and Other segment and Real Estate Development segment. The insurance activities remained unchanged and are presented into two segments being the Non-life segment and the Life segment.

Insurance activities

The Non-life segment consists of non-life insurance entities and their subsidiaries. These non-life insurance entities offer non-life insurance contracts. Insurance entities are entities that accept the transfer of insurance risks from policyholders. The Life segment comprises all life insurance entities and their subsidiaries. These life insurance entities offer financial products such as life insurance contracts and life insurance contracts on behalf of policyholders. The Non-life and Life segments have different levels of profitability and growth opportunities, as well as a different outlook and risk profile. See chapter 5.39 for a list of principal group companies and associates in the relevant segments. De Eendragt Pensioen N.V. and Axent Nabestaanden Zorg N.V. are included in the Life segment as of 17 July 2015 and 25 August 2015 respectively.

Non-insurance activities

The non-insurance activities consist of:

- The Banking and Asset Management segment consists of banking activities, asset management activities including investment property management. These activities include ASR Bank N.V., ASR Vastgoed Vermogensbeheer B.V., ASR Nederland Beleggingsbeheer N.V. and ASR Hypotheken B.V.;
- The Distribution and Services segment includes the

activities related to distribution of insurance contracts and includes the financial intermediary business of PoliService B.V., Van Kampen Groep Holding B.V. (with effect from 22 January 2015), Dutch ID B.V. (with effect from 19 November 2015) and B.V. Nederlandse Hulpverleningsorganisatie SOS International (discontinued operations and as per January 2016 these activities are sold);
- The Holding and Other segment consists primarily of the holding activities of ASR Nederland N.V. (including the group related activities), other holding and intermediate holding companies and the activities of ASR Deelnemingen N.V.;
- The Real Estate Development segment (continuing and discontinued operations) consists of the activities where property development occurs. These activities are performed in ASR Vastgoed Ontwikkeling N.V. and ASR Vastgoed Projecten B.V.

The eliminations applied in the reconciliation of the segment information to the consolidated balance sheet and the consolidated income statement are separately presented in chapter 5.5.2 and 5.5.3.

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

Segment information has been prepared in accordance with the accounting principles used for the preparation of a.s.r.'s consolidated financial statements (as described in chapter 5.2).

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

The operating results of the segments are assessed on the basis of the segment's income statements.

5.5.2 Segmented balance sheet

As at 31 December 2015	Insurance		Non Insurance					
	Non-life	Life	Banking and Asset management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Intangible assets	1	144	-	43	84	-	-	272
Property, plant and equipment	-	153	-	5	8	-	-	166
Investment property	342	2,325	-	-	-	-	-	2,667
Associates and joint ventures	-	3	-	-	16	1	-	20
Investments	4,594	20,041	376	-	2,587	-	-2,535	25,063
Investments on behalf of policyholders	-	7,924	-	-	-	-	-	7,924
Loans and receivables	298	9,268	848	6	76	13	-23	10,486
Derivatives	5	2,191	-	-	-	-	-	2,196
Deferred tax assets	-	14	-	-	501	1	-	516
Reinsurance contracts	410	201	-	-	-	-	-	611
Other assets	125	604	2	-	-95	135	-60	711
Cash and cash equivalents	163	2,105	82	20	256	2	-	2,628
Assets held for sale	-	-	-	7	-	20	51	78
Total assets	**5,938**	**44,973**	**1,308**	**81**	**3,433**	**172**	**-2,567**	**53,338**
Equity attributable to holders of equity instruments	1,130	3,669	82	53	-655	-	-4	4,275
Non-controlling interests	-	9	-	-	-	-16	-9	-16
Total equity	**1,130**	**3,678**	**82**	**53**	**-655**	**-16**	**-13**	**4,259**
Subordinated liabilities	15	-	-	-	497	-	-15	497
Liabilities arising from insurance contracts	4,513	28,201	-	-	-	-	-2,141	30,573
Liabilities arising from insurance contracts on behalf of policyholders	-	9,997	-	-	-	-	-	9,997
Employee benefits	-	15	-	2	2,945	-	-	2,962
Provisions	-	24	2	1	23	-	-	50
Borrowings	2	44	-	1	20	8	-20	55
Derivatives	-	377	-	-	-	-	-	377
Deferred tax liabilities	72	-507	-	-1	437	-	-1	-
Due to customers	87	856	1,170	7	-1	-	-359	1,760
Due to banks	-	1,803	-	1	-	-	-	1,804
Other liabilities	119	485	54	12	167	147	-18	966
Liabilities relating to assets held for sale	-	-	-	5	-	33	-	38
Total liabilities	**4,808**	**41,295**	**1,226**	**28**	**4,088**	**188**	**-2,554**	**49,079**
Total liabilities and equity	**5,938**	**44,973**	**1,308**	**81**	**3,433**	**172**	**-2,567**	**53,338**
Additions to								
Intangible assets	-	24	-	1	84	-	-	109
Property, plant and equipment	-	35	-	-	2	-	-	37
Total additions	**-**	**59**	**-**	**1**	**86**	**-**	**-**	**146**

5.5.2 Segmented balance sheet (continued)

As at 31 December 2014	Insurance		Non Insurance					
	Non-life	Life	Banking and Asset management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Intangible assets	1	134	-	5	-1	-	-	139
Property, plant and equipment	1	130	-	1	8	-	-	140
Investment property	360	2,442	31	-	-	-	-	2,833
Associates and joint ventures	-	3	-	-	12	27	-	42
Investments	4,765	17,823	329	-	2,565	-	-2,519	22,963
Investments on behalf of policyholders	-	7,957	-	-	-	-	-	7,957
Loans and receivables	428	8,298	797	10	111	23	-60	9,607
Derivatives	3	3,432	-	-	-	-	-	3,435
Deferred tax assets	-92	214	-	-	127	-	-2	247
Reinsurance contracts	419	-	-	-	-	-	-	419
Other assets	40	571	-65	2	102	85	2	737
Cash and cash equivalents	183	2,827	47	9	62	7	-	3,135
Assets held for sale	-	-	-	-	-	-	-	-
Total assets	**6,108**	**43,831**	**1,139**	**27**	**2,986**	**142**	**-2,579**	**51,654**
Equity attributable to holders of equity instruments	1,214	3,159	43	12	-719	22	-2	3,729
Non-controlling interests	-	9	-	-	-	-20	-9	-20
Total equity	**1,214**	**3,168**	**43**	**12**	**-719**	**2**	**-11**	**3,709**
Subordinated liabilities	15	30	-	-	-	-	-45	-
Liabilities arising from insurance contracts	4,571	25,806	-	-	-	-	-2,151	28,226
Liabilities arising from insurance contracts on behalf of policyholders	-	9,779	-	-	-	-	-	9,779
Employee benefits	-	-	-	-	3,123	-	-	3,123
Provisions	-	18	1	2	12	5	-	38
Borrowings	7	92	-	-	30	18	-30	117
Derivatives	-	386	-	-	1	-	-	387
Deferred tax liabilities	-	-	-	-	-	-	-	-
Due to customers	50	1,202	1,028	3	-1	-	-333	1,949
Due to banks	-	3,027	-	-	250	-	-	3,277
Other liabilities	251	323	67	10	290	117	-9	1,049
Liabilities relating to assets held for sale	-	-	-	-	-	-	-	-
Total liabilities	**4,894**	**40,663**	**1,096**	**15**	**3,705**	**140**	**-2,568**	**47,945**
Total liabilities and equity	**6,108**	**43,831**	**1,139**	**27**	**2,986**	**142**	**-2,579**	**51,654**
Additions to								
Intangible assets	-	-	-	1	-	-	-	1
Property, plant and equipment	-	53	-	1	3	-	-	57
Total additions	**-**	**53**	**-**	**2**	**3**	**-**	**-**	**58**

5.5.2 Segmented balance sheet (continued)

As at 31 December 2013	Insurance		Non Insurance					
	Non-life	Life	Banking and Asset management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Intangible assets	1	246	-	6	-	-	-	253
Property, plant and equipment	1	84	-	1	11	-	-	97
Investment property	342	2,393	24	-	-	-	-	2,759
Associates and joint ventures	-	3	-	-	12	27	-	42
Investments	4,154	15,245	240	-	2,080	-	-2,031	19,688
Investments on behalf of policyholders	-	7,705	-	-	-	-	-	7,705
Loans and receivables	431	7,558	719	8	252	25	-199	8,794
Derivatives	4	1,050	-	-	-	-	-	1,054
Deferred tax assets	-77	62	-1	1	26	3	-	14
Reinsurance contracts	407	-	-	-	-	-	-	407
Other assets	52	503	-67	-	83	150	-3	718
Cash and cash equivalents	289	997	57	6	136	11	25	1,521
Assets held for sale	-	-	-	-	-	-	-	-
Total assets	**5,604**	**35,846**	**972**	**22**	**2,600**	**216**	**-2,208**	**43,052**
Equity attributable to holders of equity instruments	972	3,191	24	10	-552	33	-3	3,675
Non-controlling interests	-	-	-	-	-	-18	-	-18
Total equity	**972**	**3,191**	**24**	**10**	**-552**	**15**	**-3**	**3,657**
Subordinated liabilities	15	30	-	-	-	-	-45	-
Liabilities arising from insurance contracts	4,240	21,642	-	-	-	-	-1,989	23,893
Liabilities arising from insurance contracts on behalf of policyholders	-	8,992	-	-	-	-	-	8,992
Employee benefits	-	-	-	-	2,426	-	-	2,426
Provisions	1	7	1	2	19	6	-	36
Borrowings	5	76	-	3	77	47	-110	98
Derivatives	-	533	-	-	-	2	-	535
Deferred tax liabilities	-	-	-	-	-	-	-	-
Due to customers	30	319	888	-	169	-	-40	1,366
Due to banks	2	675	-	-	-	-	-	677
Other liabilities	339	381	59	7	461	146	-21	1,372
Liabilities relating to assets held for sale	-	-	-	-	-	-	-	-
Total liabilities	**4,632**	**32,655**	**948**	**12**	**3,152**	**201**	**-2,205**	**39,395**
Total liabilities and equity	**5,604**	**35,846**	**972**	**22**	**2,600**	**216**	**-2,208**	**43,052**
Additions to								
Intangible assets	-	1	-	5	2	-	-	8
Property, plant and equipment	-	48	-	-	2	-	-	50
Total additions	**-**	**49**	**-**	**5**	**4**	**-**	**-**	**58**

The comparative figures for 2014 and 2013 have been restated as a result of the change in accounting policies (see chapter 5.2.1) and due to the change in the identified segments.

5.5.3 Segmented income statement

2015	Insurance		Non Insurance					
	Non-life	Life	Banking and Asset management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Continuing operations								
Gross premiums written	2,350	1,828	-	-	-	-	-86	4,092
Change in provision for unearned premiums	16	-	-	-	-	-	-	16
Gross insurance premiums	**2,366**	**1,828**	**-**	**-**	**-**	**-**	**-86**	**4,108**
Reinsurance premiums	-131	-212	-	-	-	-	-	-343
Net insurance premiums	**2,235**	**1,616**	**-**	**-**	**-**	**-**	**-86**	**3,765**
Investment income	126	1,145	116	-	12	2	-41	1,360
Realized gains and losses	72	643	-1	-	-	2	-	716
Fair value gains and losses	24	896	-	-	1	-	1	922
Result on investments on behalf of policyholders	-	559	-	-	-	-	-	559
Fee and commission income	26	-	11	25	-	-	-10	52
Other income	3	31	-	1	-	50	-	85
Share of profit/(loss) of associates and joint ventures	-	-	-	-	1	-	-	1
Total income	**251**	**3,274**	**126**	**26**	**14**	**54**	**-50**	**3,695**
Insurance claims and benefits	-1,745	-3,938	-	-	-	-	142	-5,541
Insurance claims and benefits recovered from reinsurers	79	212	-	-	-	-	-	291
Net insurance claims and benefits	**-1,666**	**-3,726**	**-**	**-**	**-**	**-**	**142**	**-5,250**
Operating expenses	-207	-205	-48	-22	-112	-6	25	-575
Restructuring provision expenses	-15	-11	-1	-	-	-3	-	-30
Commission expenses	-361	-18	-	-	-	-	10	-369
Impairments	9	16	-	-	4	-	-	29
Interest expense	-1	-166	-21	-	29	-1	-83	-243
Other expenses	-28	-71	-46	-	-2	-137	42	-242
Total expenses	**-603**	**-455**	**-116**	**-22**	**-81**	**-147**	**-6**	**-1,430**
Profit before tax	**217**	**709**	**10**	**4**	**-67**	**-93**	**-**	**780**
Income tax (expense) / gain	-48	-153	-2	-1	52	2	-	-150
Profit after tax from continuing operations	**169**	**556**	**8**	**3**	**-15**	**-91**	**-**	**630**
Discontinued operations								-
Profit (loss) from discontinued operations net of tax	-	-	-	-7	-	-19	-	-26
Profit for the year	**169**	**556**	**8**	**-4**	**-15**	**-110**	**-**	**604**
Profit attributable to non-controlling interests	-	-1	-	-	-	-3	1	-3
Profit attributable to holders of equity instruments	**169**	**555**	**8**	**-4**	**-15**	**-113**	**1**	**601**

2015		Insurance		Non Insurance					
		Non-life	Life	Banking and Asset management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Intangible assets	Impairment	-	-	-	-	-	-	-	-
Property, plant and equipment	Impairment	-	-1	-	-	-	-	-	-1
	Reversal	-	6	-	-	-	-	-	6
Associates and joint ventures	Impairment	-	-	-	-	-3	-	-	-3
Investments available for sale	Impairment	-2	-11	-	-	-	-	-	-13
	Reversal	2	25	-	-	-	-	-	27
Loans and receivables	Impairment	-24	-20	-	-	-1	-	-	-45
	Reversal	33	17	-	-	8	-	-	58
Total impairments	**Impairment**	**-26**	**-32**	**-**	**-**	**-4**	**-**	**-**	**-62**
	Reversal	**35**	**48**	**-**	**-**	**8**	**-**	**-**	**91**
	Total	**9**	**16**	**-**	**-**	**4**	**-**	**-**	**29**

5.5.3 Segmented income statement (continued)

2014 (restated)	Insurance		Non Insurance					
	Non-life	Life	Banking and Asset management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Continuing operations								
Gross premiums written	2,359	1,543	-	-	-	-	-115	3,787
Change in provision for unearned premiums	-4	-	-	-	-	-	-	-4
Gross insurance premiums	**2,355**	**1,543**	**-**	**-**	**-**	**-**	**-115**	**3,783**
Reinsurance premiums	-130	-10	-	-	-	-	-	-140
Net insurance premiums	**2,225**	**1,533**	**-**	**-**	**-**	**-**	**-115**	**3,643**
Investment income	135	1,207	108	-	14	2	-34	1,432
Realized gains and losses	91	361	-	-	-1	-	-	451
Fair value gains and losses	4	562	-	-	-2	-	1	565
Result on investments on behalf of policyholders	-	841	-	-	-	-	-	841
Fee and commission income	23	-	12	-	-	-	-	35
Other income	6	30	2	8	62	103	-8	203
Share of profit/(loss) of associates and joint ventures	-	5	-	-	-	-1	-	4
Total income	**259**	**3,006**	**122**	**8**	**73**	**104**	**-41**	**3,531**
Insurance claims and benefits	-1,751	-3,612	-	-	-	-	166	-5,197
Insurance claims and benefits recovered from reinsurers	92	8	-	-	-	-	-	100
Net insurance claims and benefits	**-1,659**	**-3,604**	**-**	**-**	**-**	**-**	**166**	**-5,097**
Operating expenses	-215	-178	-46	-6	-96	-7	24	-524
Restructuring provision expenses	-14	-12	-1	-	-	-1	-	-28
Commission expenses	-367	-23	-	-	-	-	3	-387
Impairments	-13	-88	-	-1	1	-	-	-101
Interest expense	-1	-199	-24	-	-16	-2	-73	-315
Other expenses	-16	-62	-45	-	-2	-106	43	-188
Total expenses	**-626**	**-562**	**-116**	**-7**	**-113**	**-116**	**-3**	**-1,543**
Profit before tax	**199**	**373**	**6**	**1**	**-40**	**-12**	**7**	**534**
Income tax (expense) / gain	-46	-73	-2	-	13	3	-3	-108
Profit after tax from continuing operations	**153**	**300**	**4**	**1**	**-27**	**-9**	**4**	**426**
Discontinued operations								
Profit (loss) from discontinued operations net of tax	-	-	-	1	-	-6	-	-5
Profit for the year	**153**	**300**	**4**	**2**	**-27**	**-15**	**4**	**421**
Profit attributable to non-controlling interests	-	-1	-	-	-	2	1	2
Profit attributable to holders of equity instruments	**153**	**299**	**4**	**2**	**-27**	**-13**	**5**	**423**

2014 (restated)		Insurance		Non Insurance					
		Non-life	Life	Banking and Asset management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Intangible assets	Impairment	-	-92	-	-1	-	-	-	-93
Property, plant and equipment	Impairment	-	-	-	-	-	-	-	-
	Reversal	-	3	-	-	-	-	-	3
Associates and joint ventures	Impairment	-	-	-	-		-	-	-
Investments available for sale	Impairment	-6	-28	-	-	-	-	-	-34
	Reversal	12	29	-	-	-	-	-	41
Loans and receivables	Impairment	-28	-6	-	-	-	-	-	-34
	Reversal	9	6	-	-	1	-	-	16
Total impairments	**Impairment**	**-34**	**-126**	**-**	**-1**	**-**	**-**	**-**	**-161**
	Reversal	**21**	**38**	**-**	**-**	**1**	**-**	**-**	**60**
	Total	**-13**	**-88**	**-**	**-1**	**1**	**-**	**-**	**-101**

5.5.3 Segmented income statement (continued)

2013 (restated)	Insurance		Non Insurance					
	Non-life	Life	Banking and Asset management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Continuing operations								
Gross premiums written	2,392	1,666	-	-	-	-	-135	3,923
Change in provision for unearned premiums	1	-	-	-	-	-	-	1
Gross insurance premiums	**2,393**	**1,666**	**-**	**-**	**-**	**-**	**-135**	**3,924**
Reinsurance premiums	-151	-13	-	-	-	-	-	-164
Net insurance premiums	**2,242**	**1,653**	**-**	**-**	**-**	**-**	**-135**	**3,760**
Investment income	143	1,267	107	-	20	2	-39	1,500
Realized gains and losses	74	294	1	-	4	-	-	373
Fair value gains and losses	-26	328	-	-	2	-	-	304
Result on investments on behalf of policyholders	-	767	-	-	-	-	-	767
Fee and commission income	35	-	10	-	-	-	-	45
Other income	6	9	1	6	28	133	-2	181
Share of profit/(loss) of associates and joint ventures	-	14	-	-	1	-	-	15
Total income	**232**	**2,679**	**119**	**6**	**55**	**135**	**-41**	**3,185**
Insurance claims and benefits	-1,923	-3,372	-	-	-	-	182	-5,113
Insurance claims and benefits recovered from reinsurers	96	14	-	-	-	-	-	110
Net insurance claims and benefits	**-1,827**	**-3,358**	**-**	**-**	**-**	**-**	**182**	**-5,003**
Operating expenses	-240	-199	-41	-5	-48	-8	12	-529
Restructuring provision expenses	-11	-10	-1	-	-2	-	-	-24
Commission expenses	-395	-32	-	-	-	-	-	-427
Impairments	-5	-3	-	-	-31	-	-	-39
Interest expense	-3	-240	-20	-	-20	-2	-72	-357
Other expenses	-12	-41	-55	-	-4	-191	54	-249
Total expenses	**-666**	**-525**	**-117**	**-5**	**-105**	**-201**	**-6**	**-1,625**
Profit before tax	-19	449	2	1	-50	-66	-	317
Income tax (expense) / gain	8	-99	-	-	15	2	-	-74
Profit after tax from continuing operations	**-11**	**350**	**2**	**1**	**-35**	**-64**	**-**	**243**
Discontinued operations								
Profit (loss) from discontinued operations net of tax	-	-	-	1	-	-2	-	-1
Profit for the year	**-11**	**350**	**2**	**2**	**-35**	**-66**	**-**	**242**
Profit attributable to non-controlling interests	-	-	-	-	-	5	-	5
Profit attributable to holders of equity instruments	**-11**	**350**	**2**	**2**	**-35**	**-61**	**-**	**247**

2013 (restated)		Insurance		Non Insurance					
		Non-life	Life	Banking and Asset management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Intangible assets	Impairment	-1	-	-	-	-2	-	-	-3
Property, plant and equipment	Impairment	-	-24	-	-	-	-	-	-24
	Reversal	-	3	-	-	-	-	-	3
Associates and joint ventures	Impairment	-	-	-	-	-5	-	-	-5
Investments available for sale	Impairment	-1	-20	-	-	-	-	-	-21
	Reversal	13	40	-	-	-	-	-	53
Loans and receivables	Impairment	-17	-17	-	-	-24	-	-	-58
	Reversal	1	15	-	-	-	-	-	16
Total impairments	**Impairment**	**-19**	**-61**	**-**	**-**	**-31**	**-**	**-**	**-111**
	Reversal	**14**	**58**	**-**	**-**	**-**	**-**	**-**	**72**
	Total	**-5**	**-3**	**-**	**-**	**-31**	**-**	**-**	**-39**

The comparative figures for 2014 and 2013 have been restated as a result of the change in accounting policies (see chapter 5.2.1) and due to the change in the identified segments and discontinued operations of a part of the Real Estate Development segment and SOS International (Distribution and Services segment).

5.5.4 Technical result

The technical result includes insurance premiums, allocated investment income less insurance costs (claims), distribution costs and operating expenses. Income from investments includes rentals, interest income, dividends and revaluations. Realized gains and losses relate to financial assets classified as available for sale and investment property, as well as gains and losses on financial assets recognized at fair value through profit and loss.

Investment income less investment expenses is allocated to the non-life and life products on the basis of the investment portfolio that covers the insurance contracts for the product in question.

Gains or losses on the sale of investments relate to the realized total revaluation of investment property and financial assets available for sale, to the extent that these cannot be allocated to the different non-life and life products. These gains or losses are recorded in profit or loss.

The non-technical result includes income from investments that have been allocated to equity and the general provisions, as well as a number of specific results not allocated to insurance activities.

5.5.4.1 Technical result Non-life

Technical result, Non-life	2015	2014	2013
Gross premiums written	2,350	2,359	2,392
Change in provision for unearned premiums	16	-4	1
Gross insurance premiums	**2,366**	**2,355**	**2,393**
Reinsurance premiums	-131	-130	-151
Net insurance premiums	**2,235**	**2,225**	**2,242**
Net insurance claims and benefits	-1,632	-1,574	-1,604
Change in liabilities arising from insurance contracts	-34	-85	-223
Fee and commission expense	-336	-344	-360
Technical result (underwriting)	**233**	**222**	**55**
Allocated gain (loss) on investments - to technical result	97	110	101
Allocated gains or losses – to technical result	24	42	-4
Allocated other income and expense – to technical result	-11	-26	-3
Operating expenses	-204	-213	-240
Restructuring provision expense	-15	-14	-11
Technical result – before proceeds (loss) from sales of investments	**124**	**121**	**-102**
Proceeds (loss) from sales of investments	12	28	56
Technical result	**136**	**149**	**-46**
Non-technical result	81	50	27
Profit before tax	**217**	**199**	**-19**

The gross premiums written remained stable at € 2,350 million. Growth was realized in premiums of P&C and Health. Premiums in Disability were lower in 2015 due to a one-off single premium in 2014. The operating expenses decreased compared to 2014 due to cost savings. The profit before tax increased to the amount of € 217 million. This is mainly caused by the loss in 2013 due to the effect of occupational disability insurance claims amounting to € 183 million, primarily relating to the product WGA-ER. The increase in 2015 was mainly related to a higher income of investments amounting to € 18 million.

5.5.4.2 Technical result Life

Technical result, Life	2015	2014	2013
Gross premiums written	1,828	1,543	1,666
Change in provision for unearned premiums	-	-	-
Gross insurance premiums	**1,828**	**1,543**	**1,666**
Reinsurance premiums	-212	-10	-13
Net insurance premiums	**1,616**	**1,533**	**1,653**
Net insurance claims and benefits	-2,489	-2,254	-2,911
Change in liabilities arising from insurance contracts	-1,237	-1,350	-447
Fee and commission expense	-18	-23	-32
Technical result (underwriting)	**-2,128**	**-2,094**	**-1,737**
Allocated gain (loss) on investments - to technical result	1,372	1,717	1,662
Allocated gains or losses - to technical result	1,259	813	605
Allocated other income and expense – to technical result	-13	-89	-2
Operating expenses	-192	-164	-199
Restructuring provision expense	-11	-12	-10
Technical result - before proceeds (loss) from sales of investments	**287**	**171**	**319**
Proceeds (loss) from sales of investments	23	23	28
Technical result	**310**	**194**	**348**
Non-technical result	399	179	101
Profit before tax	**709**	**373**	**449**

The gross written premiums increased 18% to € 1,828 million in 2015, mainly resulting from the increase of single life premiums in the pension portfolio. In December 2015 a.s.r. entered into a strategic partnership for the reinsurance of part of a.s.r.'s pension portfolio. The reinsured sum involved is € 201 million. The overall impact on the net insurance premiums remains limited with 5%.

The non-technical result increased mainly as a result of the change in risk appetite, i.e. the de-risking on equity and the (re) valuation on property.Profit before tax increased to € 709 million (90%) as a result of improved results on investments (€ 165 million) and some non-recurring items. The decrease in profit before tax in 2014 compared to 2013 resulted from several non-recurring charges, including the impairment on VOBA (€ 93 million).

After the decrease in operating expenses in 2014 compared to 2013, operating expenses increased in 2015 due to the acquisitions and one-off pension related transition- and outsourcing costs.

5.5.5 Technical result Non-life insurance per business line

	Gross premiums written	Net earned premiums	Net insurance claims and benefits[1]	Fee and commission expense	Operating expenses[2]	Technical result
2015						
Disability	729	685	-557	-78	-64	80
Health	616	602	-535	-5	-34	30
Property and Casualty	1,005	948	-574	-253	-121	26
Total	**2,350**	**2,235**	**-1,666**	**-336**	**-219**	**136**
2014						
Disability	777	710	-605	-87	-64	65
Health	591	571	-523	-8	-37	12
Property and Casualty	991	944	-531	-249	-126	72
Total	**2,359**	**2,225**	**-1,659**	**-344**	**-227**	**149**
2013						
Disability	770	674	-709	-85	-83	-104
Health	579	576	-524	-11	-33	13
Property and Casualty	1,043	992	-594	-264	-135	45
Total	**2,392**	**2,242**	**-1,827**	**-360**	**-251**	**-46**

5.5.6 Non-life ratios

The Non-life segment combined ratio can be broken down as follows:

	2015	2014	2013
Claims ratio	71.1%	70.0%	78.3%
Commission ratio	15.0%	15.5%	16.1%
Expense ratio	8.9%	9.3%	10.5%
Combined ratio	**95.0%**	**94.8%**	**104.8%**
Disability	89.6%	91.3%	118.7%
Health	95.5%	98.9%	98.8%
Property and Casualty	98.5%	95.0%	98.9%

In 2015, the combined ratio remained stable at 95.0% (2014: 94.9%; 2013: 104.8%).

1 Including change in liabilities arising from insurance obligations.
2 Including restructuring provision expenses.

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

	2015	2014	2013
Net insurance premiums Non-life	2,235	2,225	2,242
Net insurance claims and benefits	-1,666	-1,659	-1,827
Adjustments:			
- Compensation capital gains (Disability)	18	39	16
- Interest accrual on privisions (Disability)	62	62	58
- Prudence margin (Health)	-3	-	-2
Total corrections	**77**	**101**	**72**
Net insurance claims and benefits (after adjustments)	**-1,589**	**-1,558**	**-1,755**
Fee and commission income	26	23	35
Commission expense	-361	-367	-395
Commission	**-335**	**-344**	**-360**
Operational expenses	-207	-215	-240
Correction made for investment charges	8	7	5
Operational expenses (after adjustments)	**-199**	**-208**	**-235**

Notes to the consolidated balance sheet

5.6 Fair value of assets and liabilities

5.6.1 Recurring fair value measurement of financial assets and liabilities

The breakdown of financial assets and liabilities measured at fair value (recurring basis) in accordance with the level of fair value hierarchy, is as follows:

	Fair value based on quoted prices in an active market	Fair value based on observable market data	Fair value not based on observable market data	
31 December 2015	Level 1	Level 2	Level 3	Total fair value
Investments available for sale				
Government bonds	11,962	-	-	11,962
Corporate bonds	8,867	581	-	9,448
Debt certificates covered by mortgage	260	-	-	260
Debt certificates covered by other assets	110	-	-	110
Equities	2,679	326	42	3,047
Other participating interests	1	-	-	1
Other investments	102	-	-	102
	23,981	**907**	**42**	**24,930**
Investments at fair value through profit and loss				
Unlisted equities	-	-	59	59
Listed equities	74	-	-	74
	74	**-**	**59**	**133**
Derivatives				
Interest rate contracts	-	2,165	-	2,165
Equity index contracts	31	-	-	31
Total assets	**31**	**2,165**	**-**	**2,196**
Exchange rate contracts	-	-2	-	-2
Interest rate contracts	-	-369	-	-369
Inflation linked swaps	-	-6	-	-6
Total liabilities	**-**	**-377**	**-**	**-377**
	31	**1,788**	**-**	**1,819**
Cash and cash equivalents	**2,628**	**-**	**-**	**2,628**
Investments on behalf of policyholders				
Government bonds	1,215	-	-	1,215
Corporate bonds	1,390	-	-	1,390
Listed equities	3,469	-	-	3,469
Listed equity funds	1,476	-	-	1,476
Investment property	-	-	205	205
Other investments	-	169	-	169
	7,550	**169**	**205**	**7,924**
Total	**34,264**	**2,864**	**306**	**37,434**

31 December 2014	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Investments available for sale				
Government bonds	11,643	-	-	11,643
Corporate bonds	7,788	615	-	8,403
Debt certificates covered by mortgage	375	-	-	375
Debt certificates covered by other assets	156	-	-	156
Equities	1,987	139	35	2,161
Other participating interests	-	-	-	-
Other investments	111	-	-	111
	22,060	**754**	**35**	**22,849**
Investments at fair value through profit and loss				
Unlisted equities	-	-	61	61
Listed equities	53	-	-	53
	53	**-**	**61**	**114**
Derivatives				
Interest rate contracts	-	3,418	-	3,418
Equity index contracts	17	-	-	17
Total assets	**17**	**3,418**	**-**	**3,435**
Exchange rate contracts	-	-1	-	-1
Interest rate contracts	-	-386	-	-386
Inflation linked swaps	-	-	-	-
Total liabilities	**-**	**-387**	**-**	**-387**
	17	**3,031**	**-**	**3,048**
Cash and cash equivalents	**3,135**	**-**	**-**	**3,135**
Investments on behalf of policyholders				
Government bonds	1,373	-	-	1,373
Corporate bonds	1,449	-	-	1,449
Listed equities	2,827	-	-	2,827
Listed equity funds	1,896	-	-	1,896
Investment property	-	-	240	240
Other investments	-	172	-	172
	7,545	**172**	**240**	**7,957**
Total	**32,810**	**3,957**	**336**	**37,103**

31 December 2013	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Investments available for sale				
Government bonds	8,528	-	-	8,528
Corporate bonds	7,552	495	-	8,047
Debt certificates covered by mortgage	367	-	-	367
Debt certificates covered by other assets	236	-	-	236
Equities	2,145	78	47	2,270
Other investments	46	76	1	123
	18,874	**649**	**48**	**19,571**
Investments at fair value through profit and loss				
Unlisted equities	-	-	64	64
Listed equities	53	-	-	53
	53	**-**	**64**	**117**
Derivatives				
Exchange rate contracts	-	6	-	6
Interest rate contracts	-	1,039	-	1,039
Equity index contracts	9	-	-	9
Total assets	**9**	**1,045**	**-**	**1,054**
Exchange rate contracts	-	-	-	-
Interest rate contracts	-	-532	-	-532
Credit derivatives	-	-1	-	-1
Derivatives in a hedging relationship	-	-2	-	-2
Total liabilities	**-**	**-535**	**-**	**-535**
	9	**510**	**-**	**519**
Cash and cash equivalents	**1,521**	**-**	**-**	**1,521**
Investments on behalf of policyholders				
Government bonds	936	-	-	936
Corporate bonds	770	451	-	1,221
Listed equities	3,372	-	-	3,372
Listed equity funds	1,658	-	-	1,658
Investment property	-	-	216	216
Other investments	-	302	-	302
	6,736	**753**	**216**	**7,705**
Total	**27,193**	**1,912**	**328**	**29,433**

Cash and cash equivalents are classified as level 1 when not subject to restrictions.

The following table shows the movement in financial assets and liabilities measured at fair value (recurring basis) including investment on behalf of policyholders and investment property that are categorized within level 3.

Fair value of financial assets classified as fair value through profit and loss	2015	2014	2013
At 1 January	301	280	340
Changes in value of investments, realized/unrealized gains and losses:			
- Fair value gains and losses (see chapter 5.24.3)	-2	1	-16
Purchases	23	35	10
Sales	-31	-48	-51
Transfer between investments on behalf of policyholders and investment property	-27	31	-3
Other	-	2	-
At 31 December	**264**	**301**	**280**
Total revaluations of investments, held at year-end, recognized in the income statement	14	13	6

Fair value of financial assets classified as available for sale	2015	2014	2013
At 1 January	35	48	55
Changes in value of investments, realized/unrealized gains and losses:			
- Realized gains and losses (see chapter 5.24.2)	14	5	5
- Recognized in Other comprehensive income (unrealized gains and losses)	-7	4	-7
Purchases	61	6	42
Sales	-53	-7	-55
Impairments	-	-21	-
Reclassification of investments from/to Level 3 valuation technique	-8	-	8
At 31 December	**42**	**35**	**48**

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

The sensitivities of the investment property held on behalf of the policyholders have been included in the sensitivities related to investment property included in chapter 5.6.3.

5.6.2 Non-recurring fair value measurement of financial assets and liabilities

The breakdown of the fair values of financial assets and liabilities not measured at fair value (non-recurring basis) in accordance with the level of fair value hierarchy, as explained in accounting policy C, is as follows:

	Fair value based on quoted prices in an active market	Fair value based on observable market data	Fair value not based on observable market data		
	Level 1	Level 2	Level 3	Total fair value	Total carrying value
31 December 2015					
Financial assets					
Due from customers	-	7,576	-	7,576	6,824
Due from banks	-	4,723	-	4,723	3,056
Trade and other receivables	-	606	-	606	606
Total financial assets	**-**	**12,905**	**-**	**12,905**	**10,486**
Financial liabilities					
Subordinated liabilities	502	-	-	502	497
Borrowing	-	55	-	55	55
Due to customers	1,170	590	-	1,760	1,760
Due to banks	1,804	-	-	1,804	1,804
Other liabilities	35	931	-	966	966
Total financial liabilities	**3,511**	**1,576**	**-**	**5,087**	**5,082**
31 December 2014					
Financial assets					
Due from customers	-	6,527	-	6,527	5,851
Due from banks	-	5,019	-	5,019	3,029
Trade and other receivables	-	727	-	727	727
Total financial assets	**-**	**12,273**	**-**	**12,273**	**9,607**
Financial liabilities					
Borrowing	-	117	-	117	117
Due to customers	1,028	921	-	1,949	1,949
Due to banks	3,277	-	-	3,277	3,277
Other liabilities	26	1,023	-	1,049	1,049
Total financial liabilities	**4,331**	**2,061**	**-**	**6,392**	**6,392**
31 December 2013					
Financial assets					
Due from customers	-	5,577	-	5,577	5,133
Due from banks	-	3,994	-	3,994	2,875
Trade and other receivables	-	786	-	786	786
Total financial assets	**-**	**10,357**	**-**	**10,357**	**8,794**
Financial liabilities					
Borrowing	-	98	-	98	98
Due to customers	889	477	-	1,366	1,366
Due to banks	677	-	-	677	677
Other liabilities	19	1,353	-	1,372	1,372
Total financial liabilities	**1,585**	**1,928**	**-**	**3,513**	**3,513**

Amounts due to customers and due to banks presented as level 1 primarily comprise savings and cash collateral received.

The accrued interest included in other liabilities follows the classification of the underlying assets.

5.6.3 Property (including land and buildings for own use)

The breakdown of the Investment property and land and buildings for own use in accordance with the fair value hierarchy, as explained in accounting policy C, is as follows:

	Fair value based on quoted prices in an active market	Fair value based on observable market data	Not measured on the basis of observable market data	
	Level 1	Level 2	Level 3	Total fair value
31 December 2015				
Investment property - Fair value model				
Retail	-	-	605	605
Residential	-	-	677	677
Rural	-	-	1,154	1,154
Offices	-	-	176	176
Development investment property	-	-	14	14
Other	-	-	41	41
	-	**-**	**2,667**	**2,667**
Investments on behalf of policyholders:				
Investment property (chapter 5.11.2)	**-**	**-**	**205**	**205**
Land and buildings for own use	-	-	155	155
Total	**-**	**-**	**3,027**	**3,027**
31 December 2014				
Investment property - Fair value model				
Retail	-	-	763	763
Residential	-	-	781	781
Rural	-	-	1,028	1,028
Offices	-	-	170	170
Development investment property	-	-	37	37
Other	-	-	54	54
	-	**-**	**2,833**	**2,833**
Investments on behalf of policyholders:				
Investment property (chapter 5.11.2)	**-**	**-**	**240**	**240**
Land and buildings for own use	-	-	133	133
Total	**-**	**-**	**3,206**	**3,206**
31 December 2013				
Investment property - Fair value model				
Retail	-	-	725	725
Residential	-	-	721	721
Rural	-	-	970	970
Offices	-	-	179	179
Development investment property	-	-	103	103
Other	-	-	61	61
	-	**-**	**2,759**	**2,759**
Investments on behalf of policyholders:				
Investment property (chapter 5.11.2)	**-**	**-**	**216**	**216**
Land and buildings for own use	-	-	91	91
Total	**-**	**-**	**3,066**	**3,066**

The property portfolio is classified as a level 3 'not measured on the basis of market observable market data'. Non-observable market inputs are used in the valuation methods, in addition to the observable market inputs. The fair value measurement is based on valuations by independent professional appraisers. These valuations have been performed for the entire portfolio of investment property and buildings for own use. Independent professional appraisers use reference transactions of comparable properties, in combination with the DCF and income capitalization method, to determine the fair value of the property. The reference transactions of comparable objects are generally based on observable data consisting of the land register 'Kadaster' and the rural land price monitor as published by the Dutch Government 'Grondprijsmonitor' in an active property market.

The property has a relatively fixed return with low vacancy levels as indicated in chapter 5.9.1. The property portfolio is well diversified and consists of residential, retail, offices and rural property, throughout the Netherlands. The retail portfolio focusses on high street locations with relative low vacancy levels. Investment property on behalf of policyholders primarily consist of retail property.

The movements in investment property measured at fair value (recurring basis) that are categorized within level 3 are presented in chapter 5.9 Investment property, 5.8 Property, plant and equipment and 5.6.1 Recurring fair value measurement of financial assets and liabilities.

Significant inputs to the Level 3 values are the net initial yield and market rental value. These inputs are verified with the following market observable data:

- Market rent per sq.m. for renewals and their respective re-letting rates;
- Reviewed rent per sq.m.;
- Investment transaction of comparable objects.

The table below discloses the sensitivities to non-observable market inputs for the property portfolio (excluding development investment property).

31 December 2015							Change in theoretical rental value		
Unobservable and observable inputs used in determination of fair value	Fair value	Valuation technique	Gross theoretical rental value (€)		Gross yield (%)	Change in yield	-5%	0%	5%
Investment property - Fair value model									
Retail	605	Income capitalization	87,280,237	mean	5.4%	-5%	0	84	169
			1,895,151	max	21.5%	0%	-80	-	80
			3,246	min	3.4%	5%	-153	-76	-0
Residential	677	DCF	43,045,384	mean	6.4%	-5%	-	36	71
			1,633,289	max	9.7%	0%	-34	-	34
			1,147	min	2.1%	5%	-64	-32	-
Rural	1,154	DCF	26,943,720	mean	2.3%	-5%	-	61	121
			1,101,872	max	29.8%	0%	-58	-	58
			100	min	1.0%	5%	-110	-55	-
Offices	176	DCF	22,477,252	mean	12.8%	-5%	-0	9	19
			7,839,593	max	23.6%	0%	-9	-	9
			4,651	min	7.7%	5%	-17	-8	-
Other	41	DCF	4,291,890	mean	10.5%	-5%	-	2	4
			2,505,426	max	13.6%	0%	-2	-	2
			7,753	min	4.6%	5%	-4	-2	-
Investments on behalf of policyholders: investment property	205	DCF	18,784,241	mean	9.2%	-5%	-0	11	21
			2,234,638	max	23.6%	0%	-10	-	10
			12,959	min	4.0%	5%	-19	-10	-
Land and buildings for own use	155	DCF	13,217,401	mean	8.7%	-5%	-	8	16
			8,714,765	max	15.9%	0%	-8	-	8
			1,772,216	min	15.9%	5%	-14	-7	-
Total	**3,013**								

31 December 2014						Change in theoretical rental value			
Unobservable and observable inputs used in determination of fair value	Fair value	Valuation technique	Gross theoretical rental value (€)		Gross yield (%)	Change in yield	-5%	0%	5%
Investment property - Fair value model									
Retail	762	Income capitalization	72,831,926	mean	5.7%	-5%	-	72	142
			6,492,910	max	15.0%	0%	-68	-	68
			4,019	min	2.8%	5%	-129	-64	-
Residential	781	DCF	45,603,351	mean	5.8%	-5%	-	41	82
			1,594,356	max	6.5%	0%	-39	-	39
			7,716	min	5.9%	5%	-74	-37	-
Rural	1,029	DCF	25,452,204	mean	2.5%	-5%	-	54	108
			1,406,249	max	16.4%	0%	-51	-	51
			44	min	1.7%	5%	-98	-49	-
Offices	170	DCF	23,317,861	mean	13.8%	-5%	-	9	18
			7,566,883	max	12.3%	0%	-9	-	9
			57,117	min	11.3%	5%	-17	-8	-
Other	54	DCF	4,423,309	mean	8.2%	-5%	-	3	6
			2,483,482	max	9.5%	0%	-3	-	3
			7,669	min	13.9%	5%	-5	-3	-
Investments on behalf of policyholders: investment property	240	DCF	20,957,570	mean	8.7%	-5%	-	13	25
			2,234,638	max	9.0%	0%	-12	-	12
			12,959	min	5.5%	5%	-23	-11	-
Land and buildings for own use	133	DCF	13,089,473	mean	9.8%	-5%	-	7	14
			8,639,496	max	8.6%	0%	-7	-	7
			1,756,297	min	16.6%	5%	-13	-6	-
Total	**3,169**								

5.7 Intangible assets

Intangible assets can be broken down as follows:

	31 December 2015	31 December 2014	31 December 2013
Goodwill	150	3	3
Value Of Business Acquired (VOBA)	118	132	244
Other intangible assets	4	4	6
Total intangible assets	**272**	**139**	**253**

	Goodwill	VOBA	Other intangible assets	Total 2015	Total 2014	Total 2013
Cost price	150	432	48	630	623	623
Accumulated amortization and impairments	-	-314	-44	-358	-484	-370
At 31 December	**150**	**118**	**4**	**272**	**139**	**253**
At 1 January	3	132	4	139	253	269
Amortization	-	-14	-1	-15	-20	-21
Impairments	-1	-	-	-1	-93	-3
Other changes	-	-	-	-	-1	-
Changes in the composition of the group	148	-	1	149	-	8
At 31 December	**150**	**118**	**4**	**272**	**139**	**253**

Goodwill

For the purpose of impairment testing, goodwill is allocated to the cash-generating units (CGU) of the relevant operating segment. As a result of acquisitions during 2015, disclosed as changes in the composition of the group (please see chapter 5.35) the amount of goodwill increased by € 148 million (2014: nil; 2013: nil).

Furthermore the goodwill, previously recognized amounting to € 1 million, relating to B.V. Nederlandse Hulpverleningsorganisatie – SOS International, has been fully impaired as a result of the pending sale and the classification as held for sale and discontinued operations.

Goodwill allocation per segment:

	31 December 2015	31 December 2014	31 December 2013
Life	30	2	2
Distribution and Services	120	1	1
Total goodwill	**150**	**3**	**3**

The results of the annual goodwill impairment test are as follows:

Segment Life
The goodwill impairment test was conducted at the segment Life level as CGU. The result of the goodwill impairment test, using the multiples methodology, shows an excess recoverable value over the book value. No goodwill impairment was recognized.

Segment Distribution and Services
The goodwill test was performed on step 1, using multiples, as well as step 2, to validate the outcomes of the first step.

Assumptions used in the step 2 internal model are:

- A steady state growth rate used to extrapolate cash flow projections beyond the budget periods (1%) which reflects the market segment in which the CGU's operate;
- Premiums written and operating costs based on expected future market developments and past experience and on the long term characteristics of the markets in which the CGU's operate;
- The (pre-tax) discount rate used in the estimate of value in use is 13%.

The first step as described above indicates that there is an excess of recoverable amount over book value for all CGU's to which goodwill has been allocated (buffer). The outcome of the second step confirmed the result in the first step.

A deterioration within reasonable limits on one of the above mentioned assumptions in isolation would not lead to an impairment. The buffer is also capable of absorbing a combination of negative factors. However, should circumstances on multiple factors deteriorate significantly, it could lead to a negative outcome for the buffer (the difference between the recoverable value and the book value).

Management believes that any reasonable possible change in the key assumptions on which the other cash-generating units recoverable amounts are based would not cause the carrying amounts to exceed their recoverable amounts.

Value of Business Acquired (VOBA)
VOBA mainly relates to the acquisition of Amersfoortse Stad Rotterdam. At year-end 2015, the remaining amortization period of VOBA is 15 years and the average amortization for the next 5 years will be € 11 million per year. In 2014, an impairment has been recognized of € 93 million relating to the Amersfoortse Stad Rotterdam unit linked portfolio given the structural market developments in the life portfolios containing unit-linked policies.

5.8 Property, plant and equipment

Property, plant and equipment can be broken down as follows:

	31 December 2015	31 December 2014	31 December 2013
Land and buildings for own use	155	131	85
Equipment	11	9	12
Total property, plant and equipment	**166**	**140**	**97**

	Land and buildings for own use	Equipment	2015 Total	2014 Total	2013 Total
At 1 January	131	9	140	97	75
Reversal of impairments	14	-	14	-	-
Impact change in accounting policy	-9	-	-9	-	-
Additions	35	2	37	57	50
Transfers to Investment property	-10	-	-10	-8	-
Depreciation	-5	-5	-10	-9	-9
Revaluations through profit or loss	-6	-	-6	-	-
Revaluations through equity	5	-	5	-	-
Impairments	-	-	-	3	-21
Other changes	-2	2	-	-	2
Changes in the composition of the group	2	3	5	-	-
At 31 December	**155**	**11**	**166**	**140**	**97**
Gross carrying amount as at 31 December	254	196	450	424	385
Accumulated depreciation as at 31 December	-81	-166	-247	-241	-240
Accumulated impairments as at 31 December	-18	-19	-37	-43	-48
Net carrying value as at 31 December	**155**	**11**	**166**	**140**	**97**
Revaluation surplus					
At 1 January	-	-	-	-	-
Revaluation in the year	5	-	5	-	-
At 31 December	**5**	**-**	**5**	-	-

In 2015 the renovation of the Archimedeslaan 10 has progressed with an amount of € 35 million (2014: € 52 million) being invested in the buildings for own use. Depreciation of property, plant and equipment is recorded in the operating expenses (see chapter 5.28). The reversal of impairments at the beginning of 2015 amounting to € 14 million and the impact of the voluntary change in accounting policy of buildings for own use (€ -9 million) is presented in profit and loss as impairment (€ 5 million). Please refer to chapter 5.2 for more information on the change in accounting policy. The changes in the composition of the group relate to the acquisitions during 2015. The fair value of land and buildings for own use based on external valuations is disclosed in chapter 5.6.3.

5.9 Investment property

The following table shows the movement in investment property measured at fair value:

	2015	2014	2013
At 1 January	2,833	2,759	3,000
Changes in value of investments, realized / unrealized gains and losses:			
- Fair value gains and losses	58	25	-75
- Other	-	-45	-84
Purchases	192	205	107
Issues	-	-	-
Disposals	-453	-86	-191
Transferred between investments on behalf of policyholders and investment property	27	-31	3
Transferred from property, plant and equipment	10	8	-
Transferred from other assets	-	-2	-1
At 31 December	**2,667**	**2,833**	**2,759**

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

- Market rent per sq.m. for renewals and their respective re-letting rates;
- Reviewed rent per sq.m.;
- Investment transaction of comparable objects.

Investment property is leased to third parties and is diversified over the rural, residential, offices and retail sectors in the Netherlands.

In 2015, a further tranche in ASR Dutch Prime Retail Fund (DPRF) was transferred by a.s.r. to institutional investors thereby further reducing a.s.r.'s property exposure to 41% (2014: 56%; 2013: 58%). In 2015, the first four tranches in ASR Dutch Core Residential Fund (DCRF) were transferred by a.s.r. to institutional investors thereby further reducing a.s.r.'s property exposure from 100% to 80%.

Investment property amounting to € 1,240 million (2014: €1,483 million; 2013: € 1,461 million) is held by the ASR Dutch Prime Retail Fund and ASR Dutch Core Residential Fund which are governed under fund agreements.

Proceeds from the sale of investment properties and rental incomes are recognized as investment income. For details, see chapter 5.24. In 2015, rentals amounted to € 124 million (2014: € 133 million; 2013: € 138 million).

Direct operating expenses arising from investment property amounted to € 28 million (2014: € 24 million; 2013: € 25 million). The increase is the result of higher operating and appraisal costs. Given the low vacancy level, virtually all direct operating expenses relate to investment properties generating rental income. Direct operating expenses of investment property are classified as operating expenses.

5.9.1 Vacant Investment properties

The percentages of vacant investment properties are as follows:

	2015	2014	2013
Retail	4.6%	5.2%	3.3%
Residential	2.7%	4.3%	5.5%
Offices	22.2%	22.6%	13.5%
Other	0.0%	0.3%	0.2%

5.10 Associates and joint ventures

	Interest	31 December 2015	31 December 2014	31 December 2013
Real estate development joint ventures	ranging between 11% and 50%	1	27	27
Associates and joint ventures	ranging between 10% and 55%	19	15	15
Total		**20**	**42**	**42**

	Real Estate Development joint ventures	Associates and joint ventures	Total
At 1 January 2015	27	15	42
Acquisition	1	6	7
Disposal	2	-	2
Share of profit/(loss)	3	-	3
Impairments	-18	-3	-21
Other changes	-6	1	-5
Changes in the composition of the group	-8	-	-8
Carrying amount at 31 December 2015	**1**	**19**	**20**

Some participating interests in which a.s.r. has an interest of less than 20% qualify as associates, because a.s.r. has significant influence as a result of contractual agreements.

Where the associate's and the joint venture's accounting policies are different from a.s.r.'s, carrying amounts have been changed to ensure that they are consistent with the policies used by a.s.r.

The information disclosed in the tables below is based on the most recent financial information available from the associates and joint ventures. These are primarily based on the investee's financial statements and their accounting policies.

	31 December 2015			31 December 2014			31 December 2013		
	Real Estate Development joint ventures	Associates and joint ventures	Total	Real Estate Development joint ventures	Associates and joint ventures	Total	Real Estate Development joint ventures	Associates and joint ventures	Total
Total assets	4	312	316	303	240	543	386	194	580
Total liabilities	2	272	274	198	214	412	279	180	459
Total income	-	253	253	-12	194	182	23	156	179
Profit and loss from continuing operations	-1	30	29	-18	4	-14	-5	1	-4
Total comprehensive income	-1	30	29	-17	4	-13	1	1	2

The real estate development joint ventures consist of numerous contractual agreement with other developers and property owners, whereby the parties agree to develop real estate projects. Various guarantees for the real estate development projects have been issued by a.s.r. (see chapter 5.37).

In 2015, loans to associates and joint ventures amounted to € 10 million (2014: € 5 million; 2013: € 14 million). These loans are classified as Related party transactions (see chapter 5.33).

5.11 Financial assets and derivatives

Financial assets and derivatives can be broken down as follows:

	31 December 2015	31 December 2014	31 December 2013
Investments			
Available for sale (chapter 5.11.1)	24,930	22,849	19,571
Investments at fair value through profit and loss (chapter 5.11.2)	133	114	117
	25,063	**22,963**	**19,688**
Loans and receivables (chapter 5.11.3)	10,486	9,607	8,794
Derivatives assets (chapter 5.11.4)	2,196	3,435	1,054
Derivatives liabilities (chapter 5.11.4)	-377	-387	-535
Cash and cash equivalents (chapter 5.11.5)	2,628	3,135	1,521
	14,933	**15,790**	**10,834**
Investments on behalf of policyholders			
At fair value through profit and loss (chapter 5.11.2)	7,924	7,957	7,705
Total	**47,920**	**46,710**	**38,227**

Available for sale assets increased in 2015 by € 2,081 million which can be attributed primarily to the acquisitions of Axent and De Eendragt. The net derivative balances have decreased in 2015 by € 1,229 million as a result of € 1,239 million decrease in the derivatives with a positive value and an increase of € 10 million of derivatives with a negative value. This decrease can be attributed primarily to the increase of the long term yields and restructuring of the interest rate derivatives portfolio as a result of risk mitigating measures.

The table below gives a detailed overview of the types of financial assets and derivatives held:

	Investments	Investments on behalf of policyholders	Total financial assets
31 December 2015			
Equities	3,180	4,945	8,125
Fixed-interest securities	21,781	2,604	24,385
Loans and receivables	10,486	-	10,486
Derivatives assets	2,196	-	2,196
Derivatives liabilities	-377	-	-377
Cash and cash equivalents	2,628	96	2,724
Investment property	-	205	205
Other	102	74	176
Total	**39,996**	**7,924**	**47,920**
31 December 2014			
Equities	2,276	4,723	6,999
Fixed-interest securities	20,576	2,822	23,398
Loans and receivables	9,607	-	9,607
Derivatives assets	3,435	-	3,435
Derivatives liabilities	-387	-	-387
Cash and cash equivalents	3,135	43	3,178
Investment property	-	240	240
Other	111	129	240
Total	**38,753**	**7,957**	**46,710**
31 December 2013			
Equities	2,387	5,030	7,417
Fixed-interest securities	17,178	2,157	19,335
Loans and receivables	8,794	-	8,794
Derivatives assets	1,054	-	1,054
Derivatives liabilities	-535	-	-535
Cash and cash equivalents	1,521	84	1,605
Investment property	-	216	216
Other	123	218	341
Total	**30,522**	**7,705**	**38,227**

5.11.1 Investments available for sale

Investments available for sale can be broken down as follows:

	31 December 2015	31 December 2014	31 December 2013
Government bonds	11,962	11,643	8,528
Corporate bonds	9,448	8,403	8,047
Mortgage-backed securities	260	375	367
Other asset-backed securities	110	156	236
Equities	3,047	2,161	2,270
Other participating interests	1	-	-
Other investments	102	111	123
Total investments available for sale	**24,930**	**22,849**	**19,571**

Changes in investment available for sale	2015	2014	2013
At 1 January	22,849	19,571	20,431
Purchases	8,931	6,498	4,779
Repayments	-1,395	-825	-715
Disposal	-8,542	-4,548	-4,718
Realized gains through profit and loss	714	452	379
Revaluation recognized in equity	-877	1,643	-502
(Reversals of) Impairments	14	7	32
Amortization	-79	-55	-47
Exchange rate differences	24	29	-67
Other changes	-3	77	-1
Changes in the composition of the group	3,294	-	-
Carrying amount at 31 December	**24,930**	**22,849**	**19,571**

The equities consists primarily of listed equities and investment funds.

Impairment of investments available for sale

The following table is a breakdown of impairments of investments available for sale:

	2015	2014	2013
At 1 January	-632	-684	-778
Increase in impairments through profit and loss	-13	-34	-21
Release of impairments through profit and loss	27	41	53
Reversal of impairments due to disposal	63	41	87
Translation differences and other adjustments	-	4	-25
At 31 December	**-555**	**-632**	**-684**

The increase in translation differences and other adjustments relates mainly to exchange-rate differences on investments available for sale. Impairments recognized on government bonds are based on the existing impairment policy.

5.11.2 Investments at fair value through profit and loss

Investments at fair value through profit and loss can be broken down as follows:

	Investments	Investments on behalf of Policyholders	Total
31 December 2015			
Government bonds	-	1,215	1,215
Corporate bonds	-	1,390	1,390
Unlisted equities	59	-	59
Listed equities	74	3,469	3,543
Listed equity funds	-	1,476	1,476
Investment property	-	205	205
Other investments	-	169	169
Total investments at fair value through profit and loss	**133**	**7,924**	**8,057**
Changes in investments at fair value through profit and loss:			
2015			
At 1 January	114	7,957	8,071
Purchases	26	808	834
Disposal	-37	-1,365	-1,402
Revaluation through profit and loss	12	505	517
Transfer between investments on behalf of policyholders and investment property	18	-45	-27
Exchange rate differences	-	12	12
Other changes	-	-22	-22
Changes in composition of the group	-	74	74
Carrying amount at 31 December	**133**	**7,924**	**8,057**

	Investments	Investments on behalf of Policyholders	Total
31 December 2014			
Government bonds	-	1,373	1,373
Corporate bonds	-	1,449	1,449
Unlisted equities	61	-	61
Listed equities	53	2,827	2,880
Listed equity funds	-	1,896	1,896
Investment property	-	240	240
Other investments	-	172	172
Total investments at fair value through profit and loss	**114**	**7,957**	**8,071**
Changes in investments at fair value through profit and loss:			
2014			
At 1 January	117	7,705	7,822
Purchases	51	2,578	2,629
Disposal	-52	-2,990	-3,042
Revaluation through profit and loss	14	769	783
Transfer between investments on behalf of policyholders and investment property	-17	48	31
Exchange rate differences	-	13	13
Other changes	1	-166	-165
Carrying amount at 31 December	**114**	**7,957**	**8,071**

	Investments	Investments on behalf of Policyholders	Total
31 December 2013			
Government bonds	-	936	936
Corporate bonds	-	1,221	1,221
Unlisted equities	64	-	64
Listed equities	53	3,372	3,425
Listed equity funds	-	1,658	1,658
Investment property	-	216	216
Other investments	-	302	302
Total investments at fair value through profit and loss	**117**	**7,705**	**7,822**
Changes in investments at fair value through profit and loss:			
2013			
At 1 January	137	7,913	8,050
Purchases	20	662	682
Disposal	-44	-1,493	-1,537
Revaluation through profit and loss	3	704	707
Transfer between investments on behalf of policyholders and investment property	-	-3	-3
Exchange rate differences	-	-9	-9
Other changes	1	-69	-68
Carrying amount at 31 December	**117**	**7,705**	**7,822**

A further breakdown of the investments at fair value through profit and loss and investments on behalf of policyholders is included in the fair value hierarchy tables (see chapters 5.6.1).

All investments at fair value through profit and loss are designated as such by a.s.r. upon initial recognition.

Equities and bonds are lent in exchange for a fee, with collateral obtained as security. At the end of 2015, the value of the securities lent was € 6,228 million (2014: € 7,937 million; 2013: € 7,052 million) with the collateral furnished as security representing a value of € 8,191 million (2014: € 9,805 million; 2013: € 8,840 million) consisting of mortgage loans and corporate and government bonds.

5.11.3 Loans and receivables

Loans and receivables measured at amortized cost can be broken down as follows:

	31 December 2015	31 December 2014	31 December 2013
Government and public sector	205	214	223
Mortgage loans	6,537	5,552	4,796
Consumer loans	5	7	7
Other loans	122	130	169
Total due from customers	**6,869**	**5,903**	**5,195**
Impairments			
- Specific credit risks	-45	-52	-62
- IBNR	-	-	-
Due from customers	**6,824**	**5,851**	**5,133**
Interest-bearing deposits	-	62	76
Loans and advances	3,112	3,023	2,853
Other	-	-	7
Total due from credit institutions	**3,112**	**3,085**	**2,936**
Impairments			
- Specific credit risks	-56	-56	-61
- IBNR	-	-	-
Due from banks	**3,056**	**3,029**	**2,875**
Due from policyholders	194	293	286
Due from intermediaries	96	160	174
Reinsurance receivables	77	76	84
Due from Health Insurance Fund	97	60	24
Other receivables	184	190	253
Total trade and other receivables	**648**	**779**	**821**
Impairments			
- Specific credit risks	-40	-50	-35
- IBNR	-2	-2	-
Trade and other receivables	**606**	**727**	**786**
Total loans and receivables	**10,486**	**9,607**	**8,794**

The increase in the mortgage loans is primarily due to the increased sales of the 'WelThuis Hypotheek' in 2015.

The savings-linked mortgage loans amounting to € 2,800 million (2014: € 2,702 million; 2013: € 2,520 million) are included in the financial assets.

Impairment of loans and receivables

The following table breaks down the changes in impairments of loans and receivables:

	2015	2014	2013
At 1 January	-160	-158	-124
Increase in impairments through profit and loss	-49	-34	-57
Release of impairments through profit and loss	58	16	15
Reversal of impairments due to disposal	5	16	8
Changes in the composition of the group	3	-	-
At 31 December	**-143**	**-160**	**-158**

The fair value of the loans and receivables is included in the fair value hierarchy tables (see chapter 5.6.2).

5.11.4 Derivatives

Derivatives consist primarily of derivatives to hedge interest rate movement and inflation rate movements and to a limited extent derivatives held for cash flow hedging.

Derivatives at fair value through profit and loss concerns all derivatives that do not qualify for hedge accounting. Changes in the fair value of derivatives at fair value through profit and loss are recorded in investment income (under 'fair value gains and losses', see chapter 5.24).

Listed derivatives are traded on the basis of standard contracts. As a result of margin obligations dictated by the different stock exchanges, they do not generally carry any significant counterparty risk. Derivatives transacted in the over-the-counter (OTC) market are agreed mutually by the contractual parties.

Notional amounts are used for measuring derivatives. They are not recognized as assets or liabilities in the balance sheet.

Notional amounts do not reflect the potential gain or loss on a derivative transaction. a.s.r.'s counterparty risk is limited to the positive net fair value of the OTC contracts.

Unless stated otherwise, derivatives are traded over-the-counter.

The derivatives can be broken down as follows:

	31 December 2015			31 December 2014			31 December 2013		
	Asset	Liability	Notional amount	Asset	Liability	Notional amount	Asset	Liability	Notional amount
Derivatives									
Foreign exchange contracts	-	2	117	-	1	34	6	-	59
Interest rate contracts									
- Swaps	1,474	369	21,522	2,154	386	18,283	327	532	19,117
- Options	691	-	8,104	1,264	-	10,645	712	-	12,169
Inflation linked swaps	-	6	235	-	-	-	-	-	-
Equity index contracts	31	-	737	17	-	541	9	-	543
Total return swap	-	-	-	-	-	5	-	1	106
	2,196	**377**	**30,715**	**3,435**	**387**	**29,508**	**1,054**	**533**	**31,994**
Derivatives in a cash flow hedging relationship									
Interest rate contracts	-	-	4	-	-	61	-	2	91
Total as at 31 December	**2,196**	**377**	**30,719**	**3,435**	**387**	**29,569**	**1,054**	**535**	**32,085**

To mitigate interest rate risk a.s.r. entered into forward starting swaps by combining receiver and payer swaps. The notional amounts of both receiver and payer swaps are included in the total notional amounts of foreign exchange contracts.

The fair value of interest-rate contracts is calculated using OIS discounting: under this method the cash flows of the contracts are estimated using the underlying yield curve of the instrument. In practice, these are Euribor curves with 3-monthly or 6-monthly interest rate resets. Subsequently, the cash flows are discounted using Eonia for EUR instruments and the US Federal Funds rate for USD instruments.

The fair value of the interest-rate contracts using this method form the basis for the amount of collateral that is exchanged between a.s.r. and its counterparties in accordance with the underlying contracts.

The cash flows in connection with interest rate contracts included in derivatives in a cash flow hedging relationship ends in 2016. No cash flow hedges became ineffective in 2015. No amounts were transferred from the cash flow hedging reserve to the income statement 2015.

For details, see chapter 5.3 on risk management.

5.11.5 Cash and cash equivalents

	31 December 2015	31 December 2014	31 December 2013
Due from banks	1,444	571	754
Due from banks falling due within three months	1,184	2,564	767
Total cash and cash equivalents	**2,628**	**3,135**	**1,521**

All cash and cash equivalents are freely available, except cash related to cash collateral which is managed separately from other cash equivalents. The cash components include € 1,803 million (2014: € 3,027 million; 2013: € 677 million) related to cash collateral received on derivative instruments and securities lending. The cash components related to cash collateral given amount to € 6 million (2014: nil; 2013 € 168 million).

Debt related to cash collateral on derivative instruments is included in the amount due to banks (chapter 5.21).

Interest expenses on cash collateral is standardized in the ISDA/CSA's and based on EONIA.

5.12 Deferred taxes

	31 December 2015	31 December 2014	31 December 2013
Deferred tax assets	516	247	14
Deferred tax liabilities	-	-	-
Net deferred tax	**516**	**247**	**14**

Deferred taxes are formed for differences between the carrying amount of assets and liabilities and their tax base at the enacted tax rate, taking into account tax-exempt components. The enacted and current tax rate of 25.0% (2014: 25.0%; 2013: 25.0%) is applied when calculating deferred tax.

The deferred tax asset is mainly caused by additions which been made to the liabilities arising from insurance contracts and have already been recognized in the income tax expense.

	1 January 2015	Changes recognized in profit and loss	Changes recognized in other comprehensive income	Other changes	31 December 2015
Financial assets held for trading	-708	303	-	-	-405
Investments	-651	53	221	-106	-483
Investment property	-510	2	-	1	-507
Property, plant and equipment	6	-2	-1	-	3
Liabilities arising from insurance contracts	1,927	-55	-200	113	1,785
Employee benefits	223	-11	-53	-	159
Provisions	-	4	-	-4	-
Amounts received in advance	-12	-6	-	18	-
Other	-28	-10	-	2	-36
Gross deferred tax	**247**	**278**	**-33**	**24**	**516**
Write-down of deferred tax assets	-	-	-	-	-
Net deferred tax	**247**	**278**	**-33**	**24**	**516**

	1 January 2014	Changes recognized in profit and loss	Changes recognized in other comprehensive income	Other changes	31 December 2014
Financial assets held for trading	-63	-645	-	-	-708
Investments	-252	8	-407	-	-651
Investment property	-501	-6	-	-3	-510
Property, plant and equipment	6	-	-	-	6
Liabilities arising from insurance contracts	791	778	358	-	1,927
Employee benefits	73	-26	176	-	223
Provisions	-	-	-	-	-
Amounts received in advance	-26	-14	1	27	-12
Other	-14	-13	-1	-	-28
Gross deferred tax	**14**	**82**	**127**	**24**	**247**
Write-down of deferred tax assets	-	-	-	-	-
Net deferred tax	**14**	**82**	**127**	**24**	**247**

	1 January 2013	Changes recognized in profit and loss	Changes recognized in other comprehensive income	Other changes	31 December 2013
Financial assets held for trading	-489	426	-	-	-63
Investments	-431	35	144	-	-252
Investment property	-540	38	-	1	-501
Property, plant and equipment	4	2	-	-	6
Liabilities arising from insurance contracts	1,114	-176	-147	-	791
Employee benefits	159	-46	-40	-	73
Provisions	1	-1	-	-	-
Amounts received in advance	-17	-21	-	12	-26
Other	-15	-	1	-	-14
Gross deferred tax	**-214**	**257**	**-42**	**13**	**14**
Write-down of deferred tax assets	-	-	-	-	-
Net deferred tax	**-214**	**257**	**-42**	**13**	**14**

The increase in the deferred tax assets is primarily as a result of the net changes, as a result of acquisitions and value increased in the fair value of the derivatives and the related shadow accounting in the liabilities arising from insurance contracts, amounting to € 333 million. The deferred tax on the post-employment benefit plans decreased with € 64 million.

Other changes relate primarily to changes in the composition of the group and to tax relating to interest on other equity instruments.

5.13 Other assets

The table below shows the composition of other assets:

	31 December 2015	31 December 2014	31 December 2013
Deferred investment and interest income	455	483	516
Property developments	53	104	141
Prepaid costs and other non-financial assets	203	150	61
Total other assets	**711**	**737**	**718**

Interest expenses incurred related to property developments were nil in 2015 and capitalized in previous years (2014: € 1 million; 2013: € 2 million) and included in property developments.

5.14 Equity

5.14.1 Share capital

Share capital can be broken down as follows:

	31 December 2015	31 December 2014	31 December 2013
Authorized capital:			
- Ordinary shares; 1,000,000 at a par value of EUR 500	500	500	500
Of which: unsubscribed shares	-400	-400	-400
Subscribed and paid-up capital:			
- Ordinary shares; 200,000 at a par value of EUR 500	**100**	**100**	**100**

The Dutch State has been the sole shareholder of ASR Nederland N.V. since 3 October 2008. On 29 September 2011, the Dutch State transferred all shares in ASR Nederland N.V. to NL Financial Investments (NLFI) in exchange for depositary receipts for the shares. There were no changes in share capital during the financial year.

5.14.2 Unrealized gains and losses recorded in equity

	Investments available for sale	Revaluation of property in ownuse	Revaluation of associates	Cash flow hedge reserve	DPF component	Total
31 December 2015						
Gross unrealized gains and losses	2,166	5	-	-	-	2,171
Related tax	-474	-1	-	-	-	-475
Shadow accounting	-1,278	-	-	-	-	-1,278
Tax related to shadow accounting	319	-	-	-	-	319
Unrealized gains and losses related to segregated investment pools	-68	-	-	-	-	-68
Tax related to segregated investment pools	17	-	-	-	-	17
Total	**682**	**4**	**-**	**-**	**-**	**686**
31 December 2014						
Gross unrealized gains and losses	3,043	-	-	-	-	3,043
Related tax	-695	-	-	-	-	-695
Shadow accounting	-2,064	-	-	-	-	-2,064
Tax related to shadow accounting	516	-	-	-	-	516
Unrealized gains and losses related to segregated investment pools	-84	-	-	-	-	-84
Tax related to segregated investment pools	21	-	-	-	-	21
Total	**737**	**-**	**-**	**-**	**-**	**737**
31 December 2013						
Gross unrealized gains and losses	1,398	-	6	-1	2	1,405
Related tax	-288	-	-	-	-	-288
Shadow accounting	-657	-	-	-	-	-657
Tax related to shadow accounting	164	-	-	-	-	164
Unrealized gains and losses related to segregated investment pools	-58	-	-	-	-	-58
Tax related to segregated investment pools	15	-	-	-	-	15
Total	**574**	**-**	**6**	**-1**	**2**	**581**

In addition to offering a guaranteed element, also life insurance contracts have been entered which entitle policyholders to additional benefits (see accounting policy J, chapter 5.2). Expected claims for additional benefits under these insurance contracts with discretionary participation features (DPF) are included in the DPF reserve. This reserve is recognized as a component of the unrealized gains and losses recorded in equity.

5.14.3 Actuarial gains and losses

The actuarial gains and losses related to the post-employment pension plans amount to € -467 million (2014: € -634 million; 2013: € -107 million). See chapter 5.1.3 for a summary of the movements in the defined benefit obligation through equity amounting to € 220 million (2014: € -704 million; 2013: € 156 million).

5.14.4 Other equity instruments

In 2015, a.s.r. neither issued nor redeemed any equity instruments.

In 2014, a.s.r. issued a combination of capital market transactions in order to further optimize the capital position. The implementation of the capital optimization consists of the following:

- Issue of hybrid Tier 2 instruments 5% Fixed to Fixed Rate Undated Subordinated securities for an amount of € 497 million;
- Buy-back offer of hybrid Tier 1 instruments at a fixed tender offer price amounting to € 278 million (including additional interest on redemption amounting to € 63 million);
- Redemption of hybrid Tier 1 instruments variable interest (3-month Euribor + 2.3%) and hybrid Tier 1 instruments 6.25% fixed interest amounting to € 96 million.

The combination of transactions further optimized the Group's capital structure for upcoming Solvency II regulations, enhancing the strong capital position of the Group and phasing-out the guarantee structure provided by ASR Levensverzekering N.V., a group company. Transaction costs related to the capital optimization amount to € 2 million.

Position as at 31 December	2015	2014	2013	Coupon date
Hybrid Tier 1 instrument variable interest (3-month Euribor + 2.3%)	-	-	84	Per quarter with effect from 26 October 2009
Hybrid Tier 1 instrument 6.25% fixed interest	-	-	12	Per quarter with effect from 30 September 2009
Hybrid Tier 1 instrument 10% fixed interest	187	187	382	Annually with effect from 26 October 2010
Hybrid Tier 1 instrument 7.25% fixed interest	17	17	37	Annually with effect from 30 September 2010
Hybrid Tier 2 instrument 5% fixed interest	497	497	-	Annually with effect from 30 September 2015
Total	**701**	**701**	**515**	

The Tier 1 and Tier 2 instruments bear discretionary interest and have no maturity date, but can be redeemed at the option of a.s.r. on any coupon due date with effect from:

	Date
Hybrid Tier 1 instrument 10% fixed interest	26 October 2019
Hybrid Tier 1 instrument 7.25% fixed interest	30 September 2019
Hybrid Tier 2 instrument 5% fixed interest	30 September 2024

If the hybrid Tier 1 instrument at 10% fixed interest is not redeemed on 26 October 2019, the interest rate will be changed to 3-month Euribor plus 9.705%, with a quarterly coupon date with effect from 26 January 2020.

The Tier 1 and Tier 2 instruments have subordination provisions, rank junior to all other liabilities and senior to shareholder's equity only. The conditions of the securities contain certain provisions for optional and required coupon payment deferral and mandatory coupon payment events.

The following amounts were distributed to holders of equity instruments as discretionary interest:

Amounts in € thousand	31 December 2015	31 December 2014	31 December 2013
Regular interest			
Hybrid Tier 1 instrument variable interest (3-month Euribor + 2.3%)	-	2,205	2,174
Hybrid Tier 1 instrument 6.25% fixed interest	-	771	771
Hybrid Tier 1 instrument 10% fixed interest	19,246	38,631	38,631
Hybrid Tier 1 instrument 7.25% fixed interest	1,231	2,731	2,731
Hybrid Tier 2 instrument 5% fixed interest	25,000	-	-
Total regular interest	**45,477**	**44,338**	**44,307**
Interest (as a result of early redemption)			
Hybrid Tier 1 instrument 10% fixed interest	-	60,624	-
Hybrid Tier 1 instrument 7.25% fixed interest	-	3,523	-
Total interest (as a result of early redemption)	**-**	**64,147**	**-**
Total	**45,477**	**108,485**	**44,307**

The Tier 1 and Tier 2 instruments are classified as equity as there is no requirement to settle the obligation in cash or another financial asset or to exchange financial assets or financial liabilities under conditions that are potentially unfavourable for a.s.r.

5.14.5 Non-controlling interests

Movements in non-controlling interests can be broken down as follows:

	2015	2014	2013
At 1 January	-20	-18	-13
Share of total comprehensive income	3	-2	-5
Dividend paid	-4	-	-
Capital investment	5	-	-
At 31 December	**-16**	**-20**	**-18**

The negative non-controlling interest relates to property development projects where non-controlling shareholders have committed to increase capital when required.

5.14.6 Earnings per share

The earnings per share as calculated below are based on the number of shares at year-end (basic earnings per share). As a.s.r. had no potential shares, basic and diluted earnings per share are equal. Net profit in the following table is after tax and non-controlling interests.

Earnings per share at year-end	2015	2014	2013
Net profit from continuing operations	593	347	215
Net profit from discontinued operations	-26	-5	-1
Net profit (loss) attributable to holders of ordinary shares for calculating the earnings per ordinary share	**567**	**342**	**214**
Weighted average number of ordinary shares in issue	200,000	200,000	200,000
Basic earnings per ordinary share from continuing operations (in euros)	2,965	1,735	1,075
Basic earnings per ordinary share from discontinued operations (in euros)	-130	-25	-5
Basic earnings per ordinary share (in euros)	**2,835**	**1,710**	**1,070**

5.15 Subordinated liabilities

	Nominal amount	Carrying value
Hybrid Tier 2 instrument 5.125% fixed interest	500	497

On 22 September 2015, a.s.r. issued € 500 million subordinated liabilities in the form of Tier 2 notes, first callable on 29 September 2025, and maturing on 29 September 2045. The coupon is fixed at 5.125% and paid annually on 29 September with a step up at the first call date.

The notes were issued in order to strengthen the quality of a.s.r. capital and the net proceeds from the notes were applied by a.s.r. for its general corporate purposes.

These notes are subordinated and ranking equally without any preference amongst themselves and (a) junior to the claims of all senior creditors of a.s.r., (b) equally with any parity obligations and (c) in priority to claims in respect of (i) any equity securities and (ii) any junior obligations.

The subordinated liability is classified as liability given the obligation to settle the loans and pay the coupon. They are considered Tier 2 for regulatory purposes.

5.16 Insurance liabilities

5.16.1 Liabilities arising from insurance contracts

Insurance contracts with retained exposure can be broken down as follows:

	Gross			Of which reinsurance		
	31 December 2015	31 December 2014	31 December 2013	31 December 2015	31 December 2014	31 December 2013
Provision for unearned premiums	403	419	414	4	10	5
Provision for claims (including IBNR)	4,110	4,152	3,826	406	409	402
Non-life insurance contracts	**4,513**	**4,571**	**4,240**	**410**	**419**	**407**
Life insurance contracts	**26,060**	**23,655**	**19,653**	**201**	**-**	**-**
Total liabilities arising from insurance contracts	**30,573**	**28,226**	**23,893**	**611**	**419**	**407**

Changes in liabilities arising from non-life insurance contracts can be broken down as follows:

	Gross			Of which reinsurance		
	2015	2014	2013	2015	2014	2013
Provision for unearned premiums						
At 1 January	419	414	416	10	5	38
Changes in provision for unearned premiums	-16	4	-1	-6	6	-34
Other changes	-	1	-1	-	-1	1
Provision for unearned premiums as at 31 December	**403**	**419**	**414**	**4**	**10**	**5**
Provision for claims (including IBNR)						
At 1 January	4,152	3,826	3,710	409	402	407
Benefits paid	-1,714	-1,659	-1,705	-82	-85	-101
Changes in provision for claims	1,745	1,750	1,923	79	92	96
Changes in shadow accounting through equity	-73	235	-102	-	-	-
Provision for claims (including IBNR) as at 31 December	**4,110**	**4,152**	**3,826**	**406**	**409**	**402**
Non-life insurance contracts as at 31 December	**4,513**	**4,571**	**4,240**	**410**	**419**	**407**

The Gross provisions for claims comprises:

	Gross		
	31 December 2015	31 December 2014	31 December 2013
Claims reported	3,606	3,662	3,299
IBNR	504	490	527
Total provisions for claims	**4,110**	**4,152**	**3,826**

Changes in liabilities arising from Life insurance contracts can be broken down as follows:

			Gross			Of which insurance
	2015	2014	2013	2015	2014	2013
At 1 January	23,715	19,731	21,390	-	-	-
Acquisition of insurance portfolios	-	-	33	-	-	-
Premiums received / paid	1,172	818	898	201	-	-
Regular interest added	653	628	636	-	-	-
Realized gains and losses	1,178	753	619	-	-	-
Amortization of realized gains	-197	-98	-86	-	-	-
Benefits	-1,357	-1,330	-1,498	-	-	-
Technical result	-62	-3	-84	-	-	-
Release of cost recovery	-144	-140	-158	-	-	-
Changes in shadow accounting through equity	-713	1,172	-518	-	-	-
Changes in shadow accounting through income	-1,179	2,487	-1,323	-	-	-
Other changes	-133	-303	-178	-	-	-
Changes in the composition of the group	3,168	-	-	-	-	-
At 31 December	**26,101**	**23,715**	**19,731**	**201**	**-**	**-**
Interest margin participations to be written down						
At 1 January	-67	-87	-112	-	-	-
Write-down recognized in profit and loss	17	20	24	-	-	-
Other changes	1	-	1	-	-	-
At 31 December	**-49**	**-67**	**-87**	**-**	**-**	**-**
Provision for discretionary profit-sharing, bonuses and discounts						
At 1 January	7	9	10	-	-	-
Profit-sharing, bonuses and discounts granted in the financial year	-1	-2	-1	-	-	-
Changes in the composition of the group	2	-	-	-	-	-
At 31 December	**8**	**7**	**9**	**-**	**-**	**-**
Total life insurance contracts at year-end	**26,060**	**23,655**	**19,653**	**201**	**-**	**-**

The realized gains and losses amounting to € 1,178 million relate to the realized gains and losses of the investments in fixed interest securities (chapter 5.24.2) and the realized gains and losses on derivatives (chapter 5.24.3).

At year-end 2015, the liabilities included guarantee provisions directly attributable for a carrying amount of € 117 million (2014: € 123 million; 2013: € 139 million). The increase in total life insurance contracts mainly results from the acquisition of AXENT and De Eendracht (presented as changes in the composition of the group) amounting to € 3,168 million, and an increase in the pension portfolio (single premium of € 370 million). Other changes include the effect of the conversion of some insurance contracts amounting to € -128 million (2014: € -318 million; 2013: € -128 million) which are included in the liabilities arising from insurance contracts on behalf of policyholders.

In December 2015 a.s.r. entered into a strategic partnership for the reinsurance of part of a.s.r.'s pension portfolio. The reinsured sum involved is € 201 million. Gains and losses on buying reinsurance are deferred and amortized. The amount of amortization for 2015 is nil (2014: nil; 2013: nil), and the amount unamortized at the end of 2015 is € 4 million (2014: nil; 2013: nil).

5.16.2 Claims development table, non-life

The table below is a ten-year summary of movements in gross cumulative claims in connection with the non-life portfolio for the period from 2006 to 2015.

Gross claims (cumulative) as at 31 December 2015											Claims year
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
At year-end:											
1st claims year	1,201	1,369	1,575	1,719	1,706	1,762	1,969	1,845	1,770	1,776	
2007	1,167	-	-	-	-	-	-	-	-	-	
2008	1,076	1,264	-	-	-	-	-	-	-	-	
2009	1,067	1,231	1,473	-	-	-	-	-	-	-	
2010	1,079	1,200	1,441	1,669	-	-	-	-	-	-	
2011	1,087	1,206	1,422	1,634	1,778	-	-	-	-	-	
2012	1,085	1,216	1,424	1,658	1,684	1,668	-	-	-	-	
2013	1,096	1,231	1,447	1,680	1,715	1,636	1,881	-	-	-	
2014	1,124	1,265	1,480	1,708	1,728	1,650	1,856	1,784	-	-	
2015	1,097	1,266	1,480	1,710	1,735	1,653	1,850	1,777	1,695	-	
Gross claims at 31 December 2015	**1,097**	**1,266**	**1,480**	**1,710**	**1,735**	**1,653**	**1,850**	**1,777**	**1,695**	**1,776**	
Cumulative gross paid claims	1,036	1,153	1,316	1,479	1,461	1,366	1,502	1,354	1,210	759	
Gross outstanding claims liabilities (including IBNR)	**61**	**113**	**164**	**231**	**274**	**287**	**348**	**423**	**485**	**1,015**	**3,401**
Claim liabilities prior years											417
Other claim liabilities											39
Shadow accounting											253
Total claims liabilities											**4,110**

Gross claims (cumulative) as at 31 December 2014											Claims year
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
At year-end:											
1st claims year	1,258	1,201	1,389	1,571	1,731	1,712	1,771	1,969	1,841	1,763	
2006	1,141	-	-	-	-	-	-	-	-	-	
2007	1,041	1,167	-	-	-	-	-	-	-	-	
2008	1,002	1,076	1,294	-	-	-	-	-	-	-	
2009	1,013	1,067	1,262	1,480	-	-	-	-	-	-	
2010	1,022	1,079	1,213	1,456	1,677	-	-	-	-	-	
2011	1,042	1,087	1,218	1,436	1,636	1,764	-	-	-	-	
2012	1,041	1,085	1,229	1,438	1,660	1,681	1,667	-	-	-	
2013	1,054	1,096	1,243	1,461	1,682	1,712	1,646	1,874	-	-	
2014	1,045	1,124	1,277	1,494	1,710	1,739	1,669	1,867	1,789	-	
Gross claims at 31 December 2014	**1,045**	**1,124**	**1,277**	**1,494**	**1,710**	**1,739**	**1,669**	**1,867**	**1,789**	**1,763**	
Cumulative gross paid claims	990	1,020	1,143	1,301	1,442	1,421	1,329	1,457	1,259	715	
Gross outstanding claims liabilities (including IBNR)	**55**	**104**	**134**	**193**	**268**	**318**	**340**	**410**	**530**	**1,048**	**3,400**
Claim liabilities prior years											392
Other claim liabilities											34
Shadow accounting											326
Total claims liabilities											**4,152**

Gross claims (cumulative) as at 31 December 2013											Claims year
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
At year-end:											
1st claims year	1,405	1,258	1,201	1,389	1,571	1,731	1,712	1,771	1,969	1,841	
2005	1,221	-	-	-	-	-	-	-	-	-	
2006	1,113	1,141	-	-	-	-	-	-	-	-	
2007	1,093	1,041	1,167	-	-	-	-	-	-	-	
2008	1,092	1,002	1,076	1,294	-	-	-	-	-	-	
2009	1,083	1,013	1,067	1,262	1,480	-	-	-	-	-	
2010	1,101	1,022	1,079	1,213	1,456	1,677	-	-	-	-	
2011	1,096	1,042	1,087	1,218	1,436	1,636	1,764	-	-	-	
2012	1,100	1,041	1,085	1,229	1,438	1,660	1,681	1,667	-	-	
2013	1,091	1,054	1,096	1,243	1,461	1,682	1,712	1,646	1,874	-	
Gross claims at 31 December 2013	**1,091**	**1,054**	**1,096**	**1,243**	**1,461**	**1,682**	**1,712**	**1,646**	**1,874**	**1,841**	
Cumulative gross paid claims	1,051	975	1,000	1,118	1,268	1,397	1,361	1,266	1,363	749	
Gross outstanding claims liabilities (including IBNR)	**40**	**79**	**96**	**125**	**193**	**285**	**351**	**380**	**511**	**1,092**	**3,152**
Claim liabilities prior years											508
Other claim liabilities											75
Shadow accounting											91
Total claims liabilities											**3,826**

5.16.3 Liabilities arising from insurance contracts on behalf of policyholders

Movements in liabilities arising from insurance contracts on behalf of policyholders can be broken down as follows:

	2015	2014	2013
At 1 January	9,779	8,992	8,926
Premiums received	570	610	676
Interest added	135	122	106
Benefits	-1,057	-944	-1,338
Effect of fair value changes related to financial assets	496	781	672
Technical result	-26	-13	-31
Release of cost recovery	-101	-109	-130
Other changes	127	340	111
Changes in the composition of the group	74	-	-
At 31 December	**9,997**	**9,779**	**8,992**

At year-end 2015, the liabilities included a guarantee provision for a carrying amount of € 29 million (2014: € 26 million; 2013: € 47 million) and a provision related to unit-linked insurance contracts and pension contracts for a carrying amount of € 163 million (2014: € 197 million; 2013: € 218 million). These provisions relate to compensation for the cost of these contracts. Other changes primarily includes the effect of the conversion of some insurance contracts amounting to € 128 million (2014: € 318 million; 2013: € 128 million) which were previously included in the liabilities arising from insurance contracts.

Liabilities arising from insurance contracts on behalf of policyholders also include liabilities where conversions and switches have occurred in the insurance contract administration. The insurance contract continues to be classified as an insurance contract on behalf of policyholders. The insurance contract still meets the definition of an insurance contract on behalf of policyholders and therefore continues to be included in the insurance contracts on behalf of policyholders administration. However, as a result of the conversion and switches, liabilities arising from insurance contracts on behalf of policyholders amounting to € 2,054 million (2014: € 1,803 million; 2013: € 1,282 million) are - in the classification and subsequent presentation - not backed directly with investments on behalf of policyholders. The related investments are included and presented in investments (available for sale) and loans and receivables.

5.17 Employee benefits

Employee benefits can be broken down as follows:

	31 December 2015	31 December 2014	31 December 2013
Post-employment benefits pensions (chapter 5.17.1)	2,922	3,087	2,405
Post-employment benefits other than pensions (chapter 5.17.2)	28	29	15
Post-employment benefit obligation	**2,950**	**3,116**	**2,420**
Other long-term employee benefits (chapter 5.17.3)	12	7	6
Total	**2,962**	**3,123**	**2,426**
Specified as follows:			
ASR Nederland N.V.	2,945	3,123	2,426
Other group companies	17	-	-

ASR Levensverzekering N.V., an insurance company and a group entity, is the insurer of the majority of the post-employment benefit plan. As this company holds the separated investments that are meant to cover the employee benefit obligation, they do not qualify as plan assets in accordance with IAS 19 and are therefore included in financial assets.

The costs of post-employment and other long-term employee benefits are as follows:

	2015	2014	2013
Post-employment benefits pensions	-97	-48	-108
Post-employment benefits other than pensions	-	-18	-1
Total	**-97**	**-66**	**-109**
Other long-term employee benefits	-	-1	3
Costs of post-employment benefits	**-97**	**-67**	**-106**

The costs relate to all members of the a.s.r. post-employment benefit plan and included the other income as a result of the amendments to the post-employment benefit plans is not applicable for 2015 (2014: € 78 million; 2013: € 27 million).

5.17.1 Post-employment benefits pensions

A number of defined benefit post-employment benefit plans for its employees and former employees exist. The majority of employees are formally employed by ASR Nederland N.V. A limited amount of employees are employed by other group companies.

ASR Nederland N.V. employees

The a.s.r. post-employment benefit plans are based on an average-salary pension. All employees who commenced service after 1 January 2006 are included in one post-employment benefit plan ('Basic plan'). All other employees remain active within the existing plan at the date of first employment. Previous plans for former employees are also still active. The methods and techniques used to calculate the defined benefit obligations are based on IAS 19 requirements and calculated by an independent actuary.

The pension contributions are paid by a.s.r. and employees also pay an own contribution of 6% of their pensionable salary.

The benefits under these plans are dependent on factors such as years of service and compensation. Pension obligations are determined using mortality tables, the rate of employee turnover, wage drift and economic assumptions for factors such as inflation, and the discount rate.
The post-employment benefit plans for a.s.r.'s employees have been insured by ASR Levensverzekering N.V. since 2008.

Changes in 2014

a.s.r. has harmonized the (inflation) indexation in its post-employment benefit plan for both employees and former employees in 2014. This has resulted in the foundation of a separate account to fund future inflation indexation based on the consumer price index, maximized to 3%, by investing € 285 million in a dedicated separate account administrated by ASR Levensverzekering N.V. The sole purpose of the separate account is to provide indexation when the proceeds of the existing investments backing the pension plan are insufficient to meet the indexation.

Furthermore, the following changes took take place with effect from 1 January 2015, for employees primarily in order to comply with pension and tax legislation, which have therefore already

been included in 2014:
- the accrual rate for old age pensions was changed to 1.875% (2014: 1.9%);
- retirement age changed to 67 years (2014: 67 years);
- maximum pensionable salary capped at € 100,000;
- minimum franchise has changed.

As a result of the above mentioned amendments a past service cost is accounted for in 2014 amounting to € 78 million which has been recognized in the Other income in 2014 (see chapter 5.26).

Other group companies employees
The other group companies which have been acquired in 2015, have defined benefit plans which consist of primarily of indexed average salary pension plans, taking into account a franchise and primarily based on the following conditions:
- the accrual rate for old age pensions ranging between 1.75% and 1.875%;
- retirement age 67 years;
- maximum pensionable salary capped at € 100,000.

Net defined benefit liability
The table below shows movements in the defined benefit obligation:

	2015	2014	2013
Defined benefit obligation at 1 January	**3,087**	**2,405**	**2,517**
Included in income statement			
- Current service cost, contributions by employer	44	34	39
- Interest cost	61	92	96
- Past service cost	-	-78	-27
Total	**105**	**48**	**108**
Remeasurement of liabilities included in OCI			
- Discount rate change	-301	904	-41
- Other assumptions change	97	-185	-97
- Experience adjustments	-14	-13	-14
Total	**-218**	**706**	**-152**
Current service cost, contributions by employee	8	9	9
Benefits	-82	-81	-77
Changes in the composition of the group	17	-	-
Other	5	-	-
Defined benefit obligation at 31 December	**2,922**	**3,087**	**2,405**
Specified as follows:			
ASR Nederland N.V.	2,906	3,087	2,405
Other group companies	16	-	-
At 31 December			
Defined benefit obligation	2,943	3,087	2,405
Fair value of plan assets	-21	-	-
Net defined benefit liability	2,922	3,087	2,405

Employees account for 24% (2014: 25%; 2013: 23%) of the DBO and 38% (2014: 38%; 2013: 41%) of the DBO relates to former employees currently receiving pension benefits.

The discount rate has increased by 0.5% point to 2.5% at 31 December 2015 (2014: 2.0%; 2013: 3.9%), resulting in a € 301 million decrease in the DBO.

As per 31 December 2015 the duration of the defined benefit obligation was 18 years (2014: 19 years; 2013: 17 years).

The change in other assumptions amounts to € 88 million (2014: € 163 million; 2013: € 107 million) due to a change in indexation percentage of former employees.

Experience adjustments are actuarial gains and losses that have arisen due to differences between actuarial assumptions. The following table provides information about experience adjustments with respect to qualifying plan assets and the defined benefit obligation:

	2015	2014	2013
Experience adjustments to qualifying investments, gain (loss)	-2	-	-
As % of qualifying investments as at 31 December	-	-	-
Experienced adjustments to defined benefit obligation, loss (gain)	16	13	14
As a % of liabilities as at 31 December	0.6%	0.4%	0.6%

Assumptions

The principal actuarial assumptions and parameters at year-end were as follows:

	2015	2014	2013
Discount rate	2.5%	2.0%	3.9%
Future salary increases (including price inflation and merit)	1.4%	1.2%	1.5%
Future pension increases (including price inflation)	1.9%	1.5%	1.8%
Indexation % employees	1.4%	1.2%	0.6%
Indexation % former employees	1.5%	1.3%	1.7%
Accrual rate	1.9%	1.9%	1.9%
Mortality (years)	20.7	20.5	22.0
Expected remaining service years	7.8	8.9	8.7

In the calculation of the defined benefit obligation the:

- discount rate is determined based on the return (zero coupon rate) of high-quality corporate bonds (AA rating) and the duration of the pension obligation. The discount rate methodology is based on the IBoxx € Corporates AA 10+ curve;
- most recent mortality table 'AG Prognosetafel 2014' is used, including the CVS 2005-2014 table;
- The period of indexation is based on the expected duration of the separate account to fund the future inflation indexation.

All methods used for determining the DBO and assumptions are consistent with those applied in 2014.

The sensitivity of the above actuarial assumptions to feasible possible changes at the reporting date to one of the relevant actuarial assumptions whilst other assumption remain constant, would have affected the defined benefit obligation by the amounts shown below:

	Increase	Decrease
Discount rate (1% movement)	-475	627
Indexation employees (1% movement)	16	-8
Indexation former employees (1% movement)	427	-310
Future salary growth (1% movement)	4	-3
Future pension growth (1% movement)	434	-332
Future mortality (1 year movement)	-108	108

Plan assets

The pensions related to other group companies which have been acquired in 2015, are administered and guaranteed by a number of insurance companies outside of the group. As such the plan assets recognized relate to the insurance contracts and amount to € 21 million (2014: € 0 million; 2013 € 0 million).

Non qualifying plan assets

The portfolio of global investments (non-qualifying assets) held by ASR Levensverzekering N.V. to cover the employee benefit expense can be broken down as follows:

Asset category	31 December 2015	31 December 2014	31 December 2013
Equities	15%	14%	15%
Fixed-interest securities	79%	80%	79%
Real estate	6%	5%	5%
Cash	0%	1%	1%

The non-qualifying assets managed by a group company are not taken into account in measuring the net defined benefit obligation. At year-end 2015, the fair value of these assets amounted to € 2,419 million (2014: € 2,409 million; 2013: € 1,915 million), which includes the separate account to fund future inflation indexation amounting to € 306 million (31 December 2014: € 292 million; 31 December 2013: nil).

For the non-qualifying assets backing the post-employment benefit plans, a.s.r. has drawn up general guidelines for asset mix based on criteria such as geographical location and ratings. To ensure the investment guidelines remains in line with the conditions of post-employment benefit obligations, a.s.r. regularly performs Asset Liability Management (ALM) studies. Transactions in the non-qualifying assets are done within the guidelines. As the post-employment benefit plans are a liability on group level, the underlying insurance and market risks are in scope of a.s.r.'s risk policies. (see chapter 5.3). The overall interest-rate risk of the group is managed using interest-rate swaps and swaptions (see chapter 5.3.4.1). These swaps and swaptions have not been allocated directly to the post-employment benefit obligations; neither are they included as part of the fair value of the non-qualifying assets managed by the group company.

Under IFRS, assets managed by insurance companies that form part of the group do not qualify as qualifying assets. Investment income from these assets has therefore not been included in the above figures. Actual investment returns for 2015 amounted to € 108 million (2014: € 98 million; 2013: € 97 million). These returns have been recognized in investment income (chapter 5.24).

As an employer, a.s.r. is expected to pay contributions for pension plans and other post-employment benefits in the coming financial year amounting to € 111 million (excluding the positive effect of the investment income) and € 0.2 million respectively.

The separate account to fund future inflation indexation is expected to be utilized in ten years to fund the future inflation indexation for the employees and former employees included in the ASR Nederland N.V. post-employment benefit plans. As such this has been included in the assumption used in calculating the defined benefit obligation.

5.17.2 Post-employment benefits other than pensions

The other post-employment benefits defined plans consist of personnel arrangements for financial products (such as mortgages and health insurance), which remain in place after retirement.

The table below shows movements in the defined benefit obligation:

	2015	2014	2013
Defined benefit obligation at 1 January	29	15	21
Included in income statement			
Current service cost, contributions by employer	-	-	1
Past service cost	-	18	-
Total	**-**	**18**	**1**
Remeasurement of liabilities included in OCI			
Discount rate change	-1	1	-1
Other assumptions change	-1	-3	-3
Total	**-2**	**-2**	**-4**
Benefits	-1	-2	-3
Other	2	-	-
Defined benefit obligation at 31 December	**28**	**29**	**15**
Specified as follows:			
ASR Nederland N.V.	28	29	15

Experience adjustments are actuarial gains and losses that have arisen due to differences between actuarial assumptions. The following table provides information about experience adjustments with respect to qualifying plan assets and the defined benefit obligation:

	2015	2014	2013
Experience adjustments to qualifying investments, gain (loss)	-	-	-
As % of qualifying investments as at 31 December	-	-	-
Experienced adjustments to defined benefit obligation, loss (gain)	-	3	3
As a % of liabilities as at 31 December	1.7%	10.3%	21.5%

The principal actuarial assumptions and parameters at year-end were as follows:

	2015	2014	2013
Discount rate	1.4%	0.7%	2.1%
Expected return on plan assets	-	-	-
Future salary increases (including price inflation and merit)	0.0%	1.2%	1.5%
Future pension increases (including price inflation)	0.0%	-	0.0%
Indexation % employees	0.0%	0.0%	0.6%
Indexation % former employees	0.0%	0.0%	1.7%
Accrual rate	0.0%	-	0.0%
Mortality (years)	-	-	-
Future mortgage interest (in connection with grantable discounts)	2.5%	2.8%	3.5%

In the calculation of the defined benefit obligation the:
- discount rate is determined based on the return (zero coupon rate) of high-quality corporate bonds (AA rating) and the duration of the pension obligation. The discount rate methodology is based on the IBoxx € Corporates AA 10+ curve;
- most recent mortality table 'AG Prognosetafel 2014' is used, including the CVS 2005-2014 table.

All methods used for determining the DBO and assumptions are consistent with those applied in 2014.

The sensitivity of the above actuarial assumptions to feasible possible changes at the reporting date to one of the relevant actuarial assumptions whilst other assumption remain constant, would have affected the defined benefit obligation by the amounts of € -1 million increase or € 1 million decrease as a result of a movement of the discount rate by 1%.

5.17.3 Other long-term employee benefits

Other long-term employee benefits consist of the employer's share of liabilities arising from long-service benefits. The table below shows the changes in these liabilities:

	2015	2014	2013
Net liability as at 1 January	7	6	10
Total expenses	6	1	-3
Paid contributions	-	-	-
Other	-1	-	-1
Changes in the composition of the group	-	-	-
Net liability as at 31 December	**12**	**7**	**6**
Specified as follows:			
- ASR Nederland N.V.	12	7	6
- Other group companies	-	-	-

The underlying assumptions are as follows:

Actuarial year-end assumptions	31 December 2015	31 December 2014	31 December 2013
Discount rate	1.0%	0.7%	2.4%
Salary increases	1.4%	1.2%	1.5%
Expected remaining service years	7.9	8.9	8.7

5.18 Provisions

The table below shows movements in provisions:

	2015	2014	2013
At 1 January	38	36	31
Additional foreseen amounts	43	48	45
Reversal of unused amounts	-2	-4	-
Usages in course of year	-17	-41	-40
Other changes	-1	-1	-
Changes in the composition of the group	-11	-	-
At 31 December	**50**	**38**	**36**

The provisions were created for:
- tax and legal issues;
- staff restructuring expenses;
- retention of disability risk instead of insuring it with UWV (Employed Persons Insurance Administration Agency).

The provision for tax and legal issues is based on best estimates available at year-end, making allowance for expert opinions. The timing of the outflow of resources related to these provisions is uncertain because of the unpredictability of the outcome and the time required for the settlement of disputes.

The provisions for staff restructuring are based on arrangements agreed in the Collective Bargaining Agreement, restructuring plans, and on decisions made by a.s.r.'s management.

An amount of € 37 million of the provisions is expected to fall due within one year (2014: € 18 million; 2013: € 15 million).

5.19 Borrowings

As at year-end 2015, borrowings comprised loans having the following terms to maturity:

	31 December 2015	31 December 2014	31 December 2013
Falling due within 1 year	21	27	50
Falling due between 1 and 5 years	24	65	21
Falling due after 5 years	10	25	27
Total borrowings	**55**	**117**	**98**

At year-end 2015, the fair value of borrowings was € 55 million (2014: € 117 million; 2013: € 98 million). See chapter 5.6.2. The average interest rate payable on other borrowings was 2.28% (2014: 2.60%; 2013: 3.30%).

These borrowings are used for investment purposes (property, group pension contracts), for balance sheet management, and for short-term cash flow management.

5.20 Due to customers

Amounts owed to customers can be broken down as follows:

	31 December 2015	31 December 2014	31 December 2013
Debts to policyholders, agents and intermediaries	561	909	458
Debts to reinsurers	29	12	19
Savings	799	733	540
Other liabilities	371	295	349
Total due to customers	**1,760**	**1,949**	**1,366**

All carrying amounts reflect the fair value as at the balance sheet date (see chapter 5.6.2).

The decrease of 'debts to policyholders, agents and intermediaries' is related to a pre-payment received in 2014, as a result of the buy-out of Stichting Chevron Pensioenfonds (the Chevron pension fund) amounting to € 370 million.

5.21 Due to banks

The decrease in amounts due to banks € 1,804 million (2014: € 3,277 million; 2013: € 677 million) is primarily the result of cash collateral received under ISDAs concluded with counterparties. There is no significant difference between the carrying amount of € 1,804 million (2014: € 3,277 million; 2013: € 677 million) due to banks and the fair value of these liabilities (see chapter 5.6.2).

The average interest rate payable for the cash collateral received in 2015 is -0.11% (EONIA) (2014: 0.09%; 2013: 0.09%). There are no specific terms and conditions, because these depend on the development of the value of the underlying instrument.

5.22 Other liabilities

Other liabilities can be broken down as follows:

	31 December 2015	31 December 2014	31 December 2013
Deferred income	95	252	318
Accrued interest	94	87	114
Other liabilities	438	262	317
Short-term employee benefits	50	58	63
Trade payables	150	135	206
Tax payable	139	255	354
Total other liabilities	**966**	**1,049**	**1,372**

There is no difference between the carrying value of other liabilities and their fair value (see chapter 5.6.2).

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Notes to the consolidated income statement

5.23 Gross insurance premiums

The table below shows the composition of gross insurance premiums:

Total Premiums non-life and life	2015	2014	2013
Non-life insurance contracts – gross earned premiums	**2,366**	**2,355**	**2,393**
Life insurance contracts retained exposure	1,172	818	898
Life insurance contracts on behalf of policyholders	570	610	633
Total life insurance contracts	**1,742**	**1,428**	**1,531**
Total gross insurance premiums	**4,108**	**3,783**	**3,924**

The table below provides an overview of total gross earned non-life insurance premiums. For further details on the individual business lines, see the segment information in chapter 5.5.

Premiums non-life	2015	2014	2013
Gross premiums written	2,350	2,359	2,392
Changes in provisions for unearned premiums	16	-4	1
Non-life insurance contracts - gross earned premiums	**2,366**	**2,355**	**2,393**

Non-recurring and regular insurance premiums can be broken down as follows:

Premiums life	2015	2014	2013
Retained exposure Group			
Non-recurring premiums written	440	62	73
Periodic premiums written	181	188	250
Group total	**621**	**250**	**323**
Individual			
Non-recurring premiums written	96	116	104
Periodic premiums written	455	452	471
Individual total	**551**	**568**	**575**
Total contracts retained exposure	**1,172**	**818**	**898**
On behalf of policyholders Group			
Non-recurring premiums written	30	24	21
Periodic premiums written	246	253	233
Group total	**276**	**277**	**254**
Individual			
Non-recurring premiums written	4	4	4
Periodic premiums written	290	329	375
Individual total	**294**	**333**	**379**
Total contracts on behalf of policyholders	**570**	**610**	**633**
Total life insurance contracts	**1,742**	**1,428**	**1,531**

Total life insurance contract premiums include the elimination of € 53 million in premiums related to the a.s.r. post-employment benefit plans (2014: € 82 million; 2013: € 91 million) and the elimination of investment fees amounting to € 34 million (2014: € 33 million; 2013: € 44 million). The Non-recurring premiums written increased to € 440 million in 2015, mainly resulting from the increase in the pension portfolio (single premium of € 370 million).

5.24 Investment income

5.24.1 Total investment income

The table below shows a breakdown of investment income per category:

	2015	2014	2013
Interest income	1,125	1,200	1,260
Dividend and other investment income	235	232	240
Total investment income	**1,360**	**1,432**	**1,500**

The table below breaks down interest income per category:

	2015	2014	2013
Interest income from receivables due from credit institutions	153	149	148
Interest income from investments	502	532	575
Interest income from amounts due from customers	255	248	223
Interest income from trade receivables and derivatives	212	253	309
Other interest income	3	18	5
Total interest income	**1,125**	**1,200**	**1,260**

The effective interest method has been applied to an amount of € 893 million of the interest income from financial assets not classified at fair value through profit and loss (2014: € 904 million; 2013: € 920 million).

Interest income includes € 15 million (2014: € 18 million; 2013: € 31 million) in interest received on impaired fixed-income securities.

Dividend and other investment income per category can be broken down as follows:

	2015	2014	2013
Dividend on equities	45	39	43
Rentals from investment property	124	133	138
Other investment income	66	60	59
Total dividend and other investment income	**235**	**232**	**240**

5.24.2 Realized gains and losses

The table below shows a breakdown of realized gains and losses per category:

	2015	2014	2013
Group companies, associates and joint ventures			
- Realized gains	2	-1	-
- Realized losses	-	-	-
Investments available for sale			
Fixed-interest securities			
- Realized gains	504	345	306
- Realized losses	-8	-2	-14
Equities			
- Realized gains	246	116	110
- Realized losses	-28	-7	-29
Other investments			
- Realized gains	-	-	-
- Realized losses	-	-	-
Total realized gains and losses	**716**	**451**	**373**

Reversal of impairments on fixed-interest securities as a result of disposal amounts to € 30 million (2014: € 32 million, 2013: € 68 million).

5.24.3 Fair value gains and losses

Fair value gains and losses per category can be broken down as follows:

	2015	2014	2013
Realized gains and losses on derivatives	747	512	380
Unrealized gains and losses on derivatives	-1,181	2,483	-1,335
Unrealized gains and losses on investment property and property for own use	138	32	-44
Financial assets at fair value through profit and loss	40	28	-21
Other fair value gains and losses	-1	-3	1
Additions to Insurance liabilities due to shadow accounting (chapter 5.16)	1,179	-2,487	1,323
Total fair value gains and losses	**922**	**565**	**304**

All changes in fair value presented here are changes to the so-called 'clean fair value'. This is the fair value net of accrued interest recognized in interest income and expense.

5.25 Fee and commission income

Total fee and commission income amounts to € 52 million (2014: € 35 million; 2013: € 45 million) of which reinsured commission income amounts to € 26 million (2014: € 23 million; 2013: € 35 million).

5.26 Other income

Other income can be broken down as follows:

	2015	2014	2013
Proceeds from property developments	49	102	132
Other income	36	101	49
Total other income	**85**	**203**	**181**

In 2014 and 2013 the item Other income included past service cost related to the amendment to the a.s.r. post–employment benefit plans amounting to respectively € 60 million and € 27 million.

5.27 Net insurance claims and benefits

Net insurance claims and benefits can be summarized as follows:

Total Non-life and Life	2015	2014	2013
Insurance claims and benefits	-5,541	-5,197	-5,113
Insurance claims and benefits recovered from reinsurers	291	100	110
Net insurance claims and benefits	**-5,250**	**-5,097**	**-5,003**

Non-life	2015	2014	2013
Claims paid	-1,714	-1,659	-1,705
Change in provision for outstanding claims	-31	-92	-217
Amortization of VOBA (chapter 5.7)	-	-	-1
Insurance claims and benefits	**-1,745**	**-1,751**	**-1,923**
Insurance claims and benefits recovered from reinsurers	79	92	96
Net insurance claims and benefits, Non-life	**-1,666**	**-1,659**	**-1,827**

Life	2015	2014	2013
Claims paid	-2,414	-2,274	-2,848
Changes in liabilities arising from insurance contracts	-1,212	-355	-237
Changes in liabilities arising from insurance contracts on behalf of policyholders	-156	-798	-86
Amortization of VOBA (chapter 5.7)	-14	-19	-19
Insurance claims and benefits	**-3,796**	**-3,446**	**-3,190**
Insurance claims and benefits recovered from reinsurers	212	8	14
Net insurance claims and benefits, Life	**-3,584**	**-3,438**	**-3,176**

5.28 Operating expenses

Operating expenses can be broken down as follows:

	2015	2014	2013
Salaries and wages	-213	-219	-225
Social security contributions	-28	-30	-28
Employee benefit charges	-46	-34	-36
Employee discounts	-	-1	-8
Other short-term employee benefits	-6	-6	8
Total cost of own staff	**-293**	**-290**	**-289**
Cost of external staff	-79	-62	-58
Consultancy costs and fees	-99	-73	-75
Marketing, advertising and public relations expenses	-16	-8	-21
Technology and system costs	-48	-46	-39
Amortization of other intangible assets (chapter 5.7)	-1	-1	-
Depreciation of property, plant and equipment (chapter 5.8)	-10	-9	-9
Other operating expenses	-29	-35	-38
Total other operating expenses	**-282**	**-234**	**-240**
Total operating expenses	**-575**	**-524**	**-529**

Operating expenses 2015 increased to € 575 million (2014: € 524 million; 2013: € 529 million), primarily due to acquisitions (see chapter 5.35), acquisition costs for these activities, regulatory changes (i.e. Solvency II) and costs incurred for the preparation of the potential privatization.

Other operating expenses include travel and subsistence, telephone and personnel training expenses.
The segmentation of a.s.r.'s workforce was as follows at 31 December:

Segments	2015	2014	2013
Non-life	1,260	1,210	1,151
Life	620	615	644
Banking and Asset Management	212	174	171
Distribution and Services	517	218	224
Holding and Other	1,610	1,826	1,919
Real Estate Development	29	42	55
Total employees	**4,248**	**4,085**	**4,164**

As a result of new activities the total work force increased by 4.00 % to 4,248 FTE (2014: 4,085 FTE; 2013: 4,164 FTE). The 'total work force' consists of the number of internal and external FTEs. The number of internal FTE increased by 3.9 % to 3,650 FTE (2014: 3,513 FTE; 2013: 3,789 FTE) due to acquisitions (+ 344 FTE), offset by a decrease of 207 FTE as a result of continuing cost-cutting programmes. The number of external FTE increased to 598 FTE (2014: 572 FTE; 2013: 375 FTE) due to several strategic projects in 2015.

In the presentation of the a.s.r.'s workforce per segment employees related to administrative expenses and overheads are allocated to segment Holding and Other.

5.29 Impairments

The table below is a summary of impairments:

	2015	2014	2013
Intangible assets	-	-93	-3
Property, plant and equipment (chapter 5.8)	5	3	-21
Associates and joint ventures (chapter 5.10)	-3	-	-5
Investments available for sale (chapter 5.11.1)	14	7	32
Loans and receivables (chapter 5.11.3)	13	-18	-42
Total impairments	**29**	**-101**	**-39**

In 2014 an additional amortization has been recognized of € 93 million relating to the Amersfoortse Stad Rotterdam unit linked portfolio (see also chapter 5.7).

Changes in impairments of investments available for sale can be broken down as follows:

	2015	2014	2013
Equities	-5	-26	-14
Bonds	-7	-8	-7
Reversal of collateralized debt obligations	25	30	18
Reversal of impairments on bonds	1	11	35
Total impairments in investments	**14**	**7**	**32**

5.30 Interest expense

The table below is a breakdown of the interest expense:

	2015	2014	2013
Interest on employee benefits	-61	-92	-96
Interest on derivatives	-150	-179	-214
Interest owed to banks	-9	-10	-11
Interest owed to customers	-14	-13	-11
Interest on subordinated liabilities	-7	-	-
Interest on borrowings	-2	-3	-4
Other interest expenses	-	-18	-21
Total interest expenses	**-243**	**-315**	**-357**

5.31 Other expenses

	2015	2014	2013
Costs associated with sale of development property	-134	-105	-189
Operation and depreciation of investment property	-28	-26	-25
Other expenses	-80	-57	-35
Total other expenses	**-242**	**-188**	**-249**

The costs associated with sale of development property include an amount of € 91 million (2014: € 19 million, 2013: € 64 million) related to provisions recognized for possible future loss related to land and property development projects held as other assets.

5.32 Income tax expense

The income tax expense can be broken down as follows:

	2015	2014	2013
Current tax for financial year	-453	-209	-252
Current taxes referring to previous periods	32	19	-79
Total current tax	**-421**	**-190**	**-331**
Deferred tax for financial year	271	78	257
Previously unrecognized tax losses, tax credits and other temporary differences that reduce deferred tax expense	-	4	-
Total deferred tax	**271**	**82**	**257**
Income tax expenses	**-150**	**-108**	**-74**

The table below shows a reconciliation of the expected income tax expense with the actual income tax expense. The expected income tax expense is determined by applying the tax rate in the Netherlands to the profit before tax in 2015, this rate was 25.0% (2014: 25.0%; 2013: 25.0%). The enacted tax rate for 2016 will be 25.0%.

	2015	2014	2013
Profit before tax	780	534	317
Current tax rates	25%	25%	25%
Expected income tax expense	**-195**	**-134**	**-79**
Effects of:			
Tax-exempt interest	6	6	5
Tax-exempt dividends	4	4	8
Tax-exempt capital gains	22	15	5
Changes in impairments	-1	-5	-16
Adjustments for taxes due on previous financial years	36	7	4
Other effects	-22	-1	-1
Income tax expenses	**-150**	**-108**	**-74**

The profit is almost entirely earned and taxable in the Netherlands. The effective income tax rate is 19% (2014: 20%; 2013: 23%).

Adjustments for taxes due on previous financial years amounting to € 36 million (2014: € 7 million; 2013: € 4 million), is mainly related to foreign withholding taxes and a release of a provision relating to income derived from investment on behalf of policyholders to which the participation exemption was applied.

5.33 Related party transactions

A related party is a person or entity that has significant influence over another entity, or has the ability to affect the financial and operating policies of the other party. Parties related to a.s.r. include NLFI and the Dutch State with control, associates, joint ventures, members of the Executive Board, members of the Supervisory Board, close family members of any person referred to above, entities controlled or significantly influenced by any person referred to above and any other affiliated entity. a.s.r. has applied the partial exemption for government-related entities.

The group regularly enters into transactions with related parties during the conduct of its business. These transactions mainly involve loans, deposits, commissions and reinsurance contracts, and are conducted on terms equivalent to those that prevail in arm's length transactions.

The remuneration of the a.s.r. Executive Board and Supervisory Board are described in chapter 5.34 (Remuneration of the a.s.r. Executive Board and Supervisory Board).

Positions and transactions between a.s.r., associates, joint ventures and other related parties.
The table below shows the financial scope of a.s.r.'s related party transactions:
- associates;
- joint ventures (and real estate development joint ventures);
- other related parties.

2015	Associates	Joint ventures	Other related parties	Total
Balance sheet items with related parties as at 31 December				
Associates	19	1	-	20
Loans and receivables	6	4	2	12
Assets held for sale	-	15	-	15
Other assets	14	-	-	14
Other liabilities	17	-	-	17
Transactions in the income statement for the financial year				
Interest income	1	-	-	1
Interest expense	-	-	-	-

2014	Associates	Joint ventures	Other related parties	Total
Balance sheet items with related parties as at 31 December				
Associates	15	27	-	42
Loans and receivables	5	-	2	7
Other assets	5	-	-	5
Other liabilities	1	-	-	1
Transactions in the income statement for the financial year				
Interest income	1	-	-	1
Interest expense	-	-	-	-

2013	Associates	Joint ventures	Other related parties	Total
Balance sheet items with related parties as at 31 December				
Associates	15	27	-	42
Loans and receivables	14	-	2	16
Other assets	13	-	-	13
Other liabilities	2	-	-	2
Transactions in the income statement for the financial year				
Interest income	1	-	-	1
Interest expense	-	-	-	-

Provisions for impairment amounting to € 1 million (2014: € 1 million; 2013: € 5 million) have been recognized on the loans and receivables.

NLFI holds a total voting interest of 100% in a.s.r. As sole holder of all issued exchangeable depositary receipts, the Dutch State holds an equal indirect interest in a.s.r. NLFI is responsible for managing the shares and exercising all rights associated with these shares under Dutch law, including voting rights. However, material or principal decisions require the prior approval of the Dutch Minister of Finance, who will also be able to provide binding voting instructions with respect to such decisions. NLFI's objectives exclude disposing of or encumbering the shares, except pursuant to an authorization from and on behalf of the Dutch Minister of Finance.

In addition to the dividend paid and the discretionary interest to holders of equity instruments amounting to € 139 million (2014: € 99 million; 2013: € 88 million) and € 45 million (2014: € 108 million; 2013: € 44 million) respectively a.s.r. incurred expenses on behalf of NLFI amounting to € 2 million (2014: € 5 million; 2013: € 4 million) including for strategic expenses related to the possible privatization.

Mortgage loans to the Executive Board can be broken down as follows:

Amounts in € thousands		Outstanding			Average interest %			Settlement	
Executive directors	2015	2014	2013	2015	2014	2013	2015	2014	2013
J.P.M. Baeten	624	661	691	3.2%	3.2%	3.2%	37	30	44
M.H. Verwoest	878	856	500	3.3%	3.1%	3.5%	8	-	-
Total	**1,502**	**1,517**	**1,191**	**-**	**-**	**-**	**45**	**30**	**44**

These mortgage loans held by the members of the Executive Board have been issued based on current employee conditions. The normal employee conditions include limits and thresholds to the amounts that qualify for a personnel interest-rate discount. For mortgage loans higher than € 340 thousand arm's length conditions apply.

The insurance contracts held by the members of the Executive Board are subject to the normal employee conditions.

5.34 Remuneration of Supervisory Board and Executive Board

The remuneration policy of the Executive and Supervisory Board members is determined in accordance with the current Articles of Association of ASR Nederland N.V.

5.34.1 Remuneration of Supervisory Board members

The annual remuneration for members of the a.s.r. Supervisory Board is as follows:

Amounts in € thousands			2015			2014			2013
Supervisory Board member	As a Supervisory Board member	As a committee member	Total	As a Supervisory Board member	As a committee member	Total	As a Supervisory Board member	As a committee member	Total
C. van der Pol	45	5	50	45	5	50	45	5	50
A.P. Aris	30	5	35	30	5	35	30	5	35
C.H. van den Bos[1]	30	14	44	30	14	44	30	14	44
M. Scheltema[1,2]	20	9	29	30	14	44	30	14	44
Total	**125**	**33**	**158**	**135**	**38**	**173**	**135**	**38**	**173**

1 The amount as a committee member also includes remuneration for services as supervisory Board member of ASR Bank N.V. amounting to € 4,000 per annum per Supervisory Board member.

2 Term of service ended on 1 September 2015.

5.34.2 Remuneration of current and former Executive Board members

The remuneration of current and former Executive Board members is in accordance with the remuneration policy. This policy was approved by the shareholder.

In accordance with the remuneration law 'Wet aansprakelijkheidsbeperking DNB en AFM en bonusverbod staatsgesteunde ondernemingen', issued by the Dutch government, no variable remuneration has been disbursed to the Executive Board members for the period as from the 2011 a.s.r. financial year until and including the current 2015 a.s.r. financial year. In 2015 the fixed employee benefits of board members only increased with the annual CBA (CAO-index).

The remuneration can be broken down as follows:

Amounts in € thousands Executive Board member	Fixed employee benefits[1]	Short-term variable employee benefits	Post-employment benefits	Pension benefits[2]	Expense allowance	Termination benefits	Long-term variable remuneration	Total
2015								
J.P.M. Baeten	533	-	-	287	3	-	-	823
H.C. Figee	424	-	-	64	3	-	-	491
K.T.V. Bergstein	405	-	-	139	3	-	-	547
M.H. Verwoest	412	-	-	132	3	-	-	547
Total	**1,774**	**-**	**-**	**622**	**12**	**-**	**-**	**2,408**
2014								
J.P.M. Baeten	524	-	-	212	5	-	-	741
R.T. Wijmenga*	270	-	-	97	4	246	9	626
H.C. Figee**	314	-	-	45	3	-	-	362
K.T.V. Bergstein	399	-	-	100	5	-	-	504
M.H. Verwoest	401	-	-	99	5	-	-	505
Total	**1,908**	**-**	**-**	**553**	**22**	**246**	**9**	**2,738**
2013								
J.P.M. Baeten	520	-	-	222	5	-	-	747
R.T. Wijmenga*	403	-	-	131	5	-	-	539
K.T.V. Bergstein	396	-	-	93	5	-	-	494
M.H. Verwoest	396	-	-	110	5	-	-	511
Total	**1,715**	**-**	**-**	**556**	**20**	**-**	**-**	**2,291**

1 The fixed employee benefits of the three ordinary board members are similar and amounts to € 405k in 2015. Variations arise as a result of the fiscal treatment of lease cars depending on the price and private use of the car.

2 No additional pension rights have been disbursed to the board members in 2015. The increase in annual pension expenses is attributable to a decrease in interest rates. The calculation of the annual pension expenses are based on the total granted pension rights during the term of service at a.s.r. Further changes in the cost of pension benefits are mainly the result of the impact of age, term of service, gender and age differentiated disability, mortality and other actuarial assumptions. The pension costs include pensions and VPL.

* Term of service ended on 31 August 2014. The termination benefit has been determined in 2014 in accordance with the Dutch Corporate Governance Code (article II.2.8) and contractual obligations and amounts to 8.5 months' salary.

** Joined a.s.r. on 1 April 2014.

5.35 Acquisitions

In 2015 a.s.r. concluded several acquisitions, which are in line with a.s.r.'s strategic focus in strengthening its position in the pension market, the funeral insurance market and the distribution and services market.

Life segment

De Eendragt Pensioen N.V.
In July 2015, ASR Nederland N.V. acquired 100% of the shares of De Eendragt Pensioen N.V. (De Eendragt). ASR Nederland N.V. plans to fully integrate the portfolio and activities of De Eendragt in due course. De Eendragt is a pension insurance company.

The total assets and total income for the year ending 31 December 2014 of De Eendragt as published in its consolidated financial statements amounted to € 1,823 million and € 44 million respectively. De Eendragt is consolidated within the Life segment as of 17 July 2015.

Axent Nabestaanden Zorg N.V.
In August 2015, ASR Levensverzekering N.V. acquired 100% of the shares of Axent Nabestaanden Zorg N.V. and its subsidiaries (AXENT). ASR Levensverzekering N.V. plans to fully integrate the portfolio and activities of AXENT into the operations of Ardanta, an a.s.r. business line, in due course. AXENT is a Dutch insurance company focusing on funeral insurance with a portfolio of 2.2 million term insurance policies.

The total assets and total income for the year ending 31 December 2014 of AXENT as published in its consolidated financial statements amounted to € 1,815 million and € 55 million respectively. AXENT is consolidated within the Life segment as of 25 August 2015.

The balance sheet for the Life segment is as follows:

	Acquired date	
	Balance sheet based on acquiree's policies	Balance sheet based on a.s.r. policies
Investments	3,294	3,294
Investments on behalf of policyholders	74	74
Loans and receivables	5	5
Deferred tax assets	110	5
Other assets	5	21
Cash and cash equivalents	43	42
Total assets	**3,531**	**3,441**
Liabilities arising from insurance contracts	3,071	3,170
Liabilities arising from insurance contracts on behalf of policyholders	74	74
Employee benefits	-	14
Deferred tax liabilities	118	-9
Due to customers	28	28
Other liabilities	21	22
Total liabilities	**3,312**	**3,299**
Net assets and liabilities	**219**	**142**
Less Consideration paid		170
Goodwill		**28**

Cash and cash equivalents related to acquisitions	Acquired date
Consideration paid	-170
Acquired cash and cash equivalents	41
Increase/(decrease) in cash and cash equivalents through acquisition	-129

As a result the impact of both acquisitions on the Life segment balance sheet and income statement for the period ended 31 December 2015 is € 3,556 million and € 7 million loss respectively.

Distribution and Services segment

Van Kampen Group Holding BV

In January 2015, ASR Deelnemingen N.V. acquired 100% of the shares of Van Kampen Groep Holding B.V. and its subsidiaries (VKG). VKG handles the administration for more than half of all insurance intermediaries in the Netherlands. VKG supports both the consultant and insurers as a financial service or full-service provider with 137 employees.

The total assets and total income for the year ending 31 December 2014 of VKG as published in its consolidated financial statements amounted to € 22 million and € 17 million respectively. VKG is consolidated within Distribution and Services segment as of 22 January 2015.

Dutch ID B.V.

In November 2015 ASR Deelnemingen N.V. acquired 100% of the shares of Dutch ID B.V. and its subsidiaries (Dutch ID). Dutch ID is the holding company of Boval Group and Felison Assuradeuren. Boval is an independent consultancy and financial services broker and Felison Assuradeuren is a service provider.

Dutch ID is consolidated within the Distribution and Services segment as of 19 November 2015.

The balance sheet for the Distribution and Services segment is as follows:

	Acquired date	
	Balance sheet based on acquiree's policies	Balance sheet based on a.s.r. policies
Intangible assets	40	40
Property, plant and equipment	5	4
Investment property	1	1
Loans and receivables	13	13
Other assets	1	1
Cash and cash equivalents	6	6
Total assets	**66**	**65**
Employee benefits	0	2
Deferred tax liabilities	-0	-1
Due to customers	5	5
Due to banks	1	1
Other liabilities	9	12
Total liabilities	**15**	**19**
Net assets and liabilities	51	46
Less Consideration paid and deferred consideration		126
Goodwill		80

Cash and cash equivalents related to acquisitions	Acquired date
Consideration paid	-123
Deferred consideration	-3
Acquired cash and cash equivalents	7
Increase/(decrease) in cash and cash equivalents through acquisition	-119

Over the course of the next three years, an amount of € 1 million per year, will be paid related to the acquisition of Dutch ID.

The acquisitions contributed revenue of € 59 million and loss of € 5 million to a.s.r.'s results from the respective acquisition date. If the acquisitions for the Life segment had occurred on 1 January 2015, management estimates that consolidated revenue would have been € 95 million. For the Distribution and Service segment, if the acquisitions had occurred on 1 January 2015, the consolidated profit would have been € 22 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2015.

Goodwill is recognized as the difference between the consideration paid and the fair value of the net assets and liabilities upon acquisition date (see chapter 5.7). In accordance with the applicable reporting standards, the final acquisition balance sheet will be drawn up within 12 months of the acquisition. No significant differences compared with the provisional balance sheet are expected.

As a result the impact of both acquisitions on the Distribution and Services segment balance sheet and income statement for the period ended 31 December 2015 is € 69 million and € 2 million profit respectively.

5.36 Discontinued operations and assets held for sale and related liabilities

At the end of 2015 the real estate development activities were legally divided into ASR Vastgoed Ontwikkeling N.V. and ASR Vastgoed Projecten B.V. The Executive Board has decided to look for a strategic buyer for the discontinued part and therefore classify most of its real estate development business as 'held for sale'. The activities undertaken by ASR Vastgoed Ontwikkeling N.V. were considered as discontinued operations and the activities of ASR Vastgoed Projecten B.V. are partially considered as continuing and partially as discontinuing activities. With this in mind, the discontinuing operations are recognized as held for sale in the balance sheet. As a consequence, the financial results of the discontinuing real estate development business are disclosed in condensed form in the income statement. Its financial performance is not part of the profit before tax from continuing operations.

As part of a drive to focus more on core activities, B.V. Nederlandse Hulpverleningsorganisatie-SOS International is classified as 'discontinued operations' in 2015. As a consequence, the financial results of SOS International are disclosed in condensed form in the income statement. With this in mind, the operations are recognized as held for sale in the balance sheet. Its financial performance is not part of the profit before tax from continuing operations.

The results of the discontinued operations are as follows:

	31 December 2015	31 December 2014	31 December 2013
Total Income	38	25	23
Total Expense	-71	-30	-24
Result before tax	**-33**	**-5**	**-1**
Income tax (expense)/gain	7	-	-
Result for the period	**-26**	**-5**	**-1**

The loss of the discontinued operations increased from € 1 million in 2013 to € 26 million in 2015. As a result of the classification as 'held for sale', a.s.r. reduced the measurement of the assets by € 38 million to their net realizable value. In addition, the real estate development business formed provisions for specific projects.

As at 31 December 2015, the assets and liabilities held for sale can be summarized as follows:

	31 December 2015
Intangible assets	1
Associates and joint ventures	8
Loans and receivables	17
Deferred tax assets	7
Other assets	42
Cash and cash equivalents	3
Total assets held for sale	**78**
Provisions	12
Borrowings	11
Deferred tax liabilities	1
Other liabilities	14
Total liabilities relating to assets held for sale	**38**

An impairment loss of € 29 million writing down the carrying amount of the disposal group to its fair value less cost to sell has been included in the discontinued operation total expenses. The related income tax gain is € 7 million.

	31 December 2015
Cash and cash equivalents as at 1 January	12
Cash flows from operating activities	-7
Cash flows from investing activities	-2
Cash flows from financing activities	-
Cash and cash equivalents as at 31 December	**3**

5.37 Contingent liabilities and assets

5.37.1 Claims and disputes

The group is a respondent in a number of claims, or a potential claim, disputes and legal proceedings arising from the normal conduct of business. With respect to the potential claim, giving the timing and complexity, it is currently not possible to reliably estimate a provision.

Provisions are formed for such occurrences if, in management's opinion and after consultation with its legal advisors, a.s.r. is likely to have to make payments and the payable amount can be estimated with sufficient reliability. The costs of the compensation scheme for unit-linked insurance contracts have been fully recognized in the financial statements based on management's best knowledge of current facts, actions, claims, complaints and events. Provisions are recognized in the liabilities arising from insurance contracts and legal provisions (see chapter 5.16).

Dutch insurers see an increase in insurance policies complaints/claims based on grounds other than the cost compensation. Current and possible future legal proceedings could have a substantial financial and reputational impact. However it is not possible at this time to make reliable estimates of the number of expected proceedings, possible future precedents and the financial impact of current and possible future proceedings. Currently there are no indications that such a provision would be necessary for a.s.r.

As for other claims and legal proceedings, including related to employee-benefits, against a.s.r. known to management (and for which, in accordance with the defined principles, no provision has been formed), management feels, after having sought expert advice, that these claims have no chance of success, or that a.s.r. can successfully mount a defence against them, or that the outcome of the proceedings is unlikely to result in a significant loss for a.s.r.

5.37.2 Investment obligations and guarantees

Investment obligations for an amount of € 133 million (2014: € 87 million; 2013: € 261 million) and guarantees to third parties for a total amount of € 330 million (2014: € 330 million; 2013: € 330 million) have been assumed/issued for investment property. These guarantees expire on 30 june 2016.

Investment obligations and guarantees to third parties for a total amount of € 422 million (2014: € 429 million; 2013: € 465 million) have been issued for real estate development projects and the acquisition of property. Those guarantees were issued by principals for the execution of projects for the benefit of clients.

5.37.3 Lease commitments

The table below breaks down the commitments for non-cancellable operating leases as at 31 December:

Lease commitments	2015	2014	2013
No later than 3 months	1	1	1
Later than 3 months and no later than 1 year	3	3	4
Later than 1 year and no later than 5 years	9	6	7
Later than 5 years	-	-	-
Total	**13**	**10**	**12**

Other commitments have been entered into primarily for facility and ICT contract related to an amount of € 78 million (2014: € 27 million; 2013: € 23 million).

Annual lease costs	2015	2014	2013
Lease payments	**7**	**6**	**6**

5.37.4 Expected future rental income

The table below breaks down the expected future rental income on investment property lease as at 31 December:

	2015	2014	2013
No later than 1 year	112	110	107
Later than 1 year and no later than 5 years	311	279	260
Later than 5 years	136	131	122
Total	**559**	**520**	**489**

The investments properties in the different markets retail, residential, offices and rural are leased to third parties, consisting of various lease terms in a range between shorter than one year and undetermined period with competitive rents mostly indexed to consumer prices.

5.38 General information

ASR Nederland N.V. is a public limited company under Dutch law having its registered office located at Archimedeslaan 10, 3584 BA in Utrecht, the Netherlands.
ASR Nederland N.V. and its group companies ('a.s.r.' or 'the group') have a total of 3,650 FTE's internal employees (2014: 3,513; 2013: 3,789) and is a leading insurance company in the Netherlands.

The financial statements for 2015 were approved by the Supervisory Board on 4 April 2016 and will be presented to the Annual General Meeting of Shareholders for adoption. The Executive Board released the financial statements for publication on 14 April 2016.

5.39 List of principal group companies and associates

Company name	Equity interest	Rate of controle	Seat	Segment
ASR Aanvullende Ziektekostenverzekeringen N.V.[1,2]	100.00	100.00	Amersfoort	Non-life
ASR Basis Ziektekostenverzekeringen N.V.[1,2]	100.00	100.00	Amersfoort	Non-life
ASR Schadeverzekering N.V.[1,2]	100.00	100.00	Utrecht	Non-life
ASR Ziektekostenverzekeringen N.V.[1]	100.00	100.00	Amersfoort	Non-life
ASR Wlz-uitvoerder B.V. [2]	100.00	100.00	Utrecht	Non-life
Europeesche Verzekering Maatschappij N.V.[2]	100.00	100.00	Amsterdam	Non-life
N.V. Amersfoortse Algemene Verzekering Maatschappij[1,2]	100.00	100.00	Amersfoort	Non-life
ASR Nederland Vastgoed Maatschappij N.V.[1]	100.00	100.00	Utrecht	Life / Non-life
ASR Levensverzekering N.V.[1,2]	100.00	100.00	Utrecht	Life
Axent NabestaandenZorg.N.V.[2]	100.00	100.00	Groningen	Life
Deltafort Beleggingen I B.V.	50.00	50.00	Amsterdam	Life
De Eendragt Pensioen N.V.[2]	100.00	100.00	Amsterdam	Life
Sycamore 5 B.V.[1]	100.00	100.00	Utrecht	Life
Sycamore 6 B.V.[1]	100.00	100.00	Utrecht	Life
ASR Bank N.V.[3]	100.00	100.00	Utrecht	Banking and Asset Management
ASR Hypotheken B.V.[1]	100.00	100.00	Utrecht	Banking and Asset Management
ASR Nederland Beleggingsbeheer N.V.[3]	100.00	100.00	Utrecht	Banking and Asset Management
ASR Vastgoed Vermogensbeheer B.V.[1,3]	100.00	100.00	Utrecht	Banking and Asset Management
B.V. Nederlandse Hulpverleningsorganisatie-SOS International[4]	100.00	100.00	Amsterdam	Distribution and Services
Dutch ID B.V.	100.00	100.00	Amsterdam	Distribution and Services
Felison Assuradeuren B.V.[3]	100.00	100.00	Velsen	Distribution and Services
Boval Assurantiën B.V.[3]	100.00	100.00	Badhoevedorp	Distribution and Services
Boval Flexis Pensioen B.V.[3]	50.00	50.00	Zoetermeer	Distribution and Services
Het AssuradeurenHuys B.V.[3]	100.00	100.00	Haarlem	Distribution and Services
PoliService B.V.[3]	100.00	100.00	Zeist	Distribution and Services
Van Kampen Groep Holding B.V.[3]	100.00	100.00	Purmerend	Distribution and Services
Brand New Day Premiepensioeninstelling N.V.[3,7]	55.00	55.00	Amsterdam	Holding and Other
ASAM N.V.[1]	100.00	100.00	Utrecht	Holding and Other
ASR Deelnemingen N.V.[1]	100.00	100.00	Rotterdam	Holding and Other
ASR Nederland N.V.	100.00	100.00	Utrecht	Holding and Other
ASR Pension Fund Services N.V.[1]	100.00	100.00	Utrecht	Holding and Other
ASR Service Maatschappij N.V.[1]	100.00	100.00	Rotterdam	Holding and Other
ASR Betalingscentrum B.V.[1]	100.00	100.00	Utrecht	Holding and Other
Administratie- en Adviesbureau voor Belegging en Krediet (A.B.K.) B.V.[1]	100.00	100.00	Amersfoort	Holding and Other
ASR Vastgoed Projecten B.V.[5]	100.00	100.00	Utrecht	Real Estate Development
ASR Vastgoed Ontwikkeling N.V.[6]	100.00	100.00	Utrecht	Real Estate Development

The principal group companies and associates are located in the Netherlands.

For notes to equity interests in associates and joint ventures, see chapter 5.10. The list of equity interests which are required under Sections 379 and 414, Book 2 of the Netherlands Civil Code has been filed with the Trade Register of the Chamber of Commerce in Utrecht.

1 These are companies for which a statement of joint and several liability under section 403, Book 2 of the Netherlands Civil Code has been issued.
2 Registered insurance companies.
3 Other Wft registered companies.
4 Discontinued operations. These activities were sold in January 2016.
5 Activities are divided into continuing activities and discontinuing activities.
6 Discontinued operations.
7 Joint venture.

5.40 Company financial statements

5.40.1 Company balance sheet

(Before profit appropriation)

	Note	31 December 2015	31 December 2014 (restated)	31 December 2013 (restated)
Non-current assets				
Intangible assets	5.40.3.2	4	-	-
Subsidiaries	5.40.3.3	4,865	4,513	4,294
Loans to group companies	5.40.3.4	34	75	122
Loans and deposits	5.40.3.5	24	27	29
Deferred tax assets	5.40.3.6	64	124	22
Financial fixed assets		**4,991**	**4,739**	**4,467**
Total non-current assets		**4,991**	**4,739**	**4,467**
Current assets				
Other receivables	5.40.3.7	2,774	2,731	2,286
Cash and cash equivalents	5.40.3.8	202	5	5
Total current assets		**2,976**	**2,736**	**2,291**
Total assets		**7,967**	**7,475**	**6,758**
Equity				
Share capital		100	100	100
Share premium reserve		962	962	962
Statutory reserves		1,384	1,352	1,273
Actuarial gains and losses	5.40.3.9	-467	-634	-107
Retained earnings		1,595	1,248	932
Total equity attributable to shareholders		**3,574**	**3,028**	**3,160**
Other equity instruments		701	701	515
Equity attributable to holders of equity instruments		**4,275**	**3,729**	**3,675**
Provisions				
Employee benefits	5.40.3.10	2,945	3,123	2,426
Other provisions	5.40.3.11	23	13	20
Total Provisions		**2,968**	**3,136**	**2,446**
Long-term liabilities				
Subordinated liabilities	5.40.3.12	497	-	-
Borrowings	5.40.3.13	-	-	30
Debts to group companies	5.40.3.14	20	29	182
Total long-term liabilities		**517**	**29**	**212**
Current liabilities				
Due to banks	5.40.3.15	-	250	-
Other liabilities	5.40.3.16	207	331	425
Total current liabilities		**207**	**581**	**425**
Total equity and liabilities		**7,967**	**7,475**	**6,758**

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

5.40.2 Company income statement

	2015	2014 (restated)	2013 (restated)
Share of profit/(loss) of group companies	611	452	262
Other income and expenses after tax	-10	-29	-15
Profit for the year	**601**	**423**	**247**

5.40.3 Notes to the company financial statements

5.40.3.1 Accounting policies

The company financial statements are prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. The consolidated financial statements of a.s.r. for 2015 have been prepared in accordance with IFRS – including the International Accounting Standards (IAS) and Interpretations – as accepted within the European Union and with part 9 of the book of the Netherland Civil Code. In accordance with Section 362(8), Book 2 of the Netherlands Civil Code, the ASR Nederland N.V. Executive Board has decided to apply the same accounting policies to the company financial statements as applied to the consolidated financial statements. This has been the practice since 2005.

Investments in group companies are recognized, using the equity method, in accordance with the accounting policies used in a.s.r.'s consolidated financial statements. The share of profit of group companies is reported in conformity with the accounting policies used in a.s.r.'s consolidated financial statements.

ASR Nederland N.V. has availed itself of the option offered by Section 402, Book 2 of the Netherlands Civil Code to prepare an abridged income statement.

a.s.r. has made voluntary changes in its accounting policies for investment property, property for own use and deferred acquisition costs (DAC) as of 1 January 2015. The DNB solvency ratio and Solvency II ratio remain unchanged following these voluntary changes. In accordance with IFRS the changes in accounting policy for investment property and DAC are applied retrospectively whereby the 2014 and 2013 comparative figures are restated. The change for property for own use is applied prospectively as a revaluation with effect from 1 January 2015 and the 2014 comparative figures are not restated. The change in accounting policy results in an increase of total equity as at 31 December 2014 of € 682 million (2013: € 642 million) after tax from € 3,047 million (2013: € 3,033 million) to € 3,729 million (2013: € 3,675 million). See chapter 5.2.1 for further details regarding the changes in accounting policies.

Unless stated otherwise, all amounts presented in these financial statements are in millions of €.

5.40.3.2 Intangible fixed assets

The goodwill amounting to € 4 million as at 31 December 2015 relates to the 2015 acquisition of De Eendragt Pensioen N.V.

5.40.3.3 Subsidiaries

	2015	2014	2013
At 1 January	4,513	4,294	3,809
Additions to capital	183	69	153
Share of profit	611	452	262
Dividend received	-436	-356	-697
Revaluations	-11	58	94
Change in DPF component	-	-2	-2
Other changes	5	-2	675
At 31 December	**4,865**	**4,513**	**4,294**

5.40.3.4 Loans to group companies

	2015	2014	2013
At 1 January	75	122	289
Issues	19	92	192
Repayments	-60	-139	-359
At 31 December	**34**	**75**	**122**

The loans to group companies consist primarily of deposits with group companies of € 20 million with an average interest rate of 2.1% (2014: € 29 million; 2013: € 47 million) repayable within one year, no loans with a maturity term within 3 years (2014: nil; 2013: € 29 million) and loans of € 14 million (2014: € 46 million; 2013: € 46 million) with a maturity term longer than 3 years and an average interest rate of 4.3% (2014: 5.6%; 2013: 5.6%).

Interest income on loans to group companies amount to € 0.7 million (2014: € 2.5 million; 2013: € 4 million).

5.40.3.5 Loans and deposits

	2015	2014	2013
At 1 January	27	29	31
Repayments	-3	-2	-2
At 31 December	**24**	**27**	**29**

5.40.3.6 Deferred tax assets

The deferred tax assets relate primarily to employee benefits (including the asset resulting from the insurance contracts which is administered by ASR Levensverzekering N.V. amounting to € 106 million (2014: € 157 million; 2013: € 42 million) off set by the equalization reserve of € 39 million (2014: € 30 million; 2013: € 18 million).

5.40.3.7 Other receivables

The other receivables are including receivables from group companies. The receivables from group companies includes the receivable with respect to non-qualifying plan assets (see chapter 5.17) administered by ASR Levensverzekering N.V. amounting to € 2,525 million (2014: € 2,510 million; 2013: € 2,031 million) including the separate account to fund future inflation indexation amounting to € 306 million as at 31 December 2015 (2014: € 292 million). The remaining portion of the receivables from group companies is payable on demand.

5.40.3.8 Cash and cash equivalents

Cash and cash equivalents are stated at face value. They are fully and freely available to the company.

5.40.3.9 Equity

	Share capital	Share premium reserve	Actuarial gains and losses	Statutory reserves	Retained earnings	Equity attributable to shareholders	Other equity instruments	Equity
At 1 January 2013 as reported	100	962	-224	398	925	2,161	515	2,676
Changes in accounting policies	-	-	-	920	-244	676	-	676
At 1 January 2013 restated	100	962	-224	1,318	681	2,837	515	3,352
Profit for the year	-	-	-	-	247	247	-	247
Remeasurement of the employee benefit obligation	-	-	117	-	-	117	-	117
Unrealized change in value	-	-	-	94	-13	81	-	81
Dividend paid	-	-	-	-	-88	-88	-	-88
Discretionary interest on other equity instruments	-	-	-	-	-44	-44	-	-44
Change in reserves required by law	-	-	-	-139	139	-	-	-
Tax relating to interest on other equity instruments	-	-	-	-	11	11	-	11
Other	-	-	-	-	-1	-1	-	-1
At 31 December 2013	**100**	**962**	**-107**	**1,273**	**932**	**3,160**	**515**	**3,675**
At 1 January 2014	100	962	-107	1,273	932	3,160	515	3,675
Profit for the year	-	-	-	-	423	423	-	423
Remeasurement of post employment benefit obligation	-	-	-527	-	-	-527	-	-527
Unrealized change in value	-	-	-	58	98	156	-	156
Dividend paid	-	-	-	-	-99	-99	-	-99
Discretionary interest on other equity instruments	-	-	-	-	-108	-108	-	-108
Issue of other equity instruments	-	-	-	-	-	-	186	186
Cost of issue of other equity instruments	-	-	-	-	-2	-2	-	-2
Change in reserves required by law	-	-	-	21	-21	-	-	-
Tax relating to interest on other equity instruments	-	-	-	-	27	27	-	27
Other	-	-	-	-	-2	-2	-	-2
At 31 December 2014	**100**	**962**	**-634**	**1,352**	**1,248**	**3,028**	**701**	**3,729**
At 1 January 2015	100	962	-634	1,352	1,248	3,028	701	3,729
Profit for the year	-	-	-	-	601	601	-	601
Remeasurement of post employment benefit obligation	-	-	167	-	-	167	-	167
Unrealized change in value	-	-	-	-11	-40	-51	-	-51
Dividend paid	-	-	-	-	-139	-139	-	-139
Discretionary interest on other equity instruments	-	-	-	-	-45	-45	-	-45
Change in reserves required by law	-	-	-	43	-43	-	-	-
Tax relating to interest on other equity instruments	-	-	-	-	11	11	-	11
Other	-	-	-	-	2	2	-	2
At 31 December 2015	**100**	**962**	**-467**	**1,384**	**1,595**	**3,574**	**701**	**4,275**

The statutory reserve relates to the revaluation of investments in group companies. In 2015 no expected claims for additional benefits under insurance contracts with DPF are included in the Other reserves (2014: nil; 2013: € 2 million). For a breakdown of the Share capital, see chapter 5.14.1.

Other equity instruments

The other equity instruments relate to three (2014: three; 2013: four) different hybrid Tier 1 and Tier 2 instruments classified as equity (see chapter 5.14.4). Of the three different equity instruments that were issued, two instrument (issue date 2009) are guaranteed by ASR Levensverzekering N.V. The third instrument (issue date 2014) does not contain guarantees from operating entities.

5.40.3.10 Employee benefits

Employee benefits can be broken down as follows (see chapter 5.17 for further details):

	31 December 2015	31 December 2014	31 December 2013
Post-employment benefits pensions	2,905	3,087	2,405
Post-employment benefits other than pensions	28	29	15
Other long-term employee benefits	12	7	6
Total employee benefits	**2,945**	**3,123**	**2,426**

5.40.3.11 Other provisions

The table below shows movements in provisions:

	2015	2014	2013
At 1 January	13	20	19
Additional provisions	19	24	24
Utilized in course of year	-9	-31	-23
At 31 December	**23**	**13**	**20**

Provisions primarily relate to provisions for:
- staff restructuring; and;
- retained disability risk.

The timing of the outflow of resources related to these provisions is uncertain because of the unpredictability of the outcome and time required for the settlement of disputes.

5.40.3.12 Subordinated liabilities

Subordinated liabilities can be broken down as follows (see chapter 5.15 for further details).

	Nominal Amount	Carrying value
Hybrid Tier 2 instrument 5.125% fixed interest	500	497

On 22 September 2015, a.s.r. issued € 500 million subordinated liabilities in the form of Tier 2 Notes, first callable on 29 September 2025 and maturing on September 2045. The coupon is fixed at 5.125% and paid annually on 29 September with a step up at the first call date.

5.40.3.13 Borrowings

In 2014, the borrowings from group companies was settled in accordance with the normal terms of the borrowing. The average interest rate was in 2014: 3.8% (2013: 3.8%).

5.40.3.14 Debts to group companies

	31 December 2015	31 December 2014	31 December 2013
Debts to group companies	-	-	135
Deposits due to group companies	20	29	47
Debt to group companies	**20**	**29**	**182**

The debts to group companies contain short term debts which are immediately collectable and deposits due to group companies with an interest-rate ranging between 2.4% and 2.7%. The maturities of the deposits range between 9 and 12 months.

There is no significant difference between the carrying amount of € 20 million (2014: € 29 million; 2013: € 182 million) debt to group companies and the fair value of these liabilities.

Interest expense on debts to group companies in 2015 and 2014 are less than € 0.1 million (2013: € 0.2 million).

5.40.3.15 Due to banks

In 2015 the due to banks was settled. In 2014 due to banks contained € 250 million, with a maturity of 1 year and an interest rate of 1-month Euribor + 0.6%.

There is no significant difference between the carrying amount of € 0 million (2014: € 250 million; 2013: € 0 million) due to banks and the fair value of these liabilities.

5.40.3.16 Other liabilities

	31 December 2015	31 December 2014	31 December 2013
Other liabilities	51	49	49
Accrued interest	7	-	-
Short-term employee benefits	10	10	10
Trade payables	-	17	12
Tax payables	139	255	354
Total other liabilities	**207**	**331**	**425**

There is no significant difference between the carrying amount of € 207 million (2014: € 331 million; 2013: € 425 million) other liabilities and the fair value of these liabilities.

5.40.3.17 Auditor's fees

With reference to Section 2:382a(1) and (2) of the Netherlands Civil Code, the following fees for the financial years 2015, 2014 and 2013 have been charged by KPMG Accountants N.V. to the Company, its subsidiaries and other consolidated entities.

- Fees for audit engagements: these include fees paid for the audit of the consolidated and company financial statements, quarterly reports and other reports;
- Fees for non-audit services: these include fees for support and advisory services provided during acquisitions.

A breakdown of these fees is provided below:

Amounts in € thousands	2015	2014	2013
Audit of the financial statements	2,318	1,871	1,706
Other audit engagements	684	732	839
Other non-audit services	-	-	98
Total audit fees	**3,002**	**2,603**	**2,643**

In the above mentioned years no fees were paid for tax-related advisory services to KPMG Accountants N.V. and no fees were paid to other KPMG networks, other than KPMG Accountants N.V.

5.40.3.18 Contingent liabilities

Joint and several liability
ASR Nederland N.V. forms a fiscal unity for corporate income tax and VAT with nearly all of its subsidiaries. The company and its subsidiaries that form part of the fiscal unity are jointly and separately liable for taxation payable by the fiscal entity.

A statement of joint and several liability under section 403, Book 2 of the Netherlands Civil Code has been issued by ASR Nederland N.V. for the companies identified in chapter 5.39 List of principal group companies and associates.

Investment obligations and guarantees
ASR Nederland N.V. has issued guarantees to third parties for a total amount of € 314 million (2014: € 333 million, 2013: € 328 million) for real estate development projects.

Lease commitments
For the table with the breakdown of the commitments for non-cancellable operating leases, see chapter 5.37.

Commitments to group companies
ASR Nederland N.V has committed to a capital increase of ASR Bank N.V. amounting to € 34 million for the period until 2017. The amount will be paid in tranches when required by ASR Bank N.V. depending on its required solvency. As a consequence of the growing business, capital tranches amounting to € 5.8 million have already been made until end of 2015.

Utrecht, 4 April 2016

Supervisory Board
Kick van der Pol
Annet Aris
Cor van den Bos
Herman Hintzen

Executive Board
Jos Baeten
Karin Bergstein
Chris Figee
Michel Verwoest

Chapter 6

Other information

6.1 Independent auditor's report

Independent auditor's report

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

Report on the audit of the annual financial statements 2015

Opinion
In our opinion:

- the consolidated financial statements give a true and fair view of the financial position of ASR Nederland N.V. as at 31 December 2015, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Netherlands Civil Code;
- the company financial statements give a true and fair view of the financial position of ASR Nederland N.V. as at 31 December 2015, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

What we have audited
We have audited the financial statements 2015 of ASR Nederland N.V., based in Utrecht. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

1 the consolidated balance sheet as at 31 December 2015;
2 the following consolidated statements for the year then ended: the income statement, the statements of comprehensive income, changes in equity and cash flows; and
3 the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1 the company balance sheet as at 31 December 2015;
2 the company income statement for the year then ended; and
3 the notes comprising a summary of the significant 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 Nederland N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

KPMG

Audit approach

Summary

Materiality

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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.

Based on our professional judgment we determined the materiality for the financial statements as a whole at EUR 30 million (2014: EUR 30 million). The materiality is determined with reference to a benchmark of total equity (approximately 2015: 1%; 2014: 1%), which bases is essential for determining the financial position of the Company. Due to the long-term insurance liabilities and the related solvency requirements we consider total equity the most suitable metric for the financial position of the Company. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the Supervisory Board that misstatements in excess of EUR 1.5 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

ASR Nederland N.V. is head of a group of entities. The financial information of this group is included in the consolidated financial statements of ASR Nederland N.V.

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 entities.

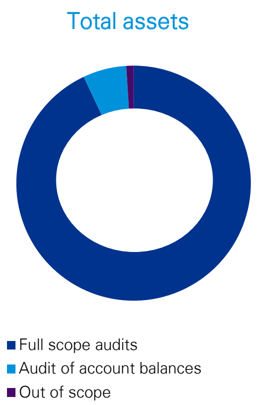
We included all insurance and bank entities in the audit scope for consolidation purposes, resulting in a coverage of 99% of total assets and 99% of profit before tax.

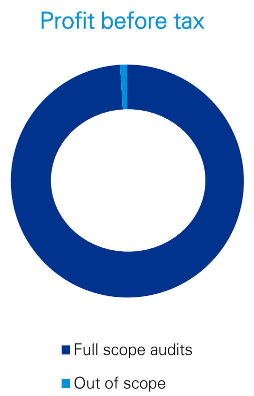
We have:

- used the work of other auditors performing specific audit procedures regarding the Liabilities arising from insurance contracts at entity Axent NabestaandenZorg N.V.;
- performed specific audit procedures regarding the Liabilities arising from insurance contracts at entity De Eendragt Pensioen N.V.
- performed audit procedures ourselves at group level and at other group entities.

We performed for the remaining entities, amongst others, analytical procedures to corroborate our assessment that there are no significant risks of material misstatement.

The group audit team provided instructions to other auditor's, covering the significant audit areas, including the relevant risks of material misstatement, and set out the information required to be reported back to the group audit team. The findings and observations as reported were discussed in more detail and file reviews were performed for the most significant group entities.
By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.





Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Liabilities arising from insurance contracts and liability adequacy test (LAT)
Description The calculation of the Liabilities arising from insurance contracts and the related Liability Adequacy Test (LAT) is complex and highly judgmental and is based on assumptions which are affected by (future) economic, demographic and political conditions. The assumptions used relate to risks regarding interest, mortality, longevity, morbidity, catastrophe, lapse and expense. Also the cost compensation for unit-linked insurance contracts impacts the valuation of the Liabilities arising from insurance contracts and the related LAT. Furthermore, the valuation of the Liabilities arising from insurance contracts is affected by and sensitive to government regulations, in particular regarding the claims from workers' compensations insurance (WGA-ER) and in the healthcare insurance domain.

KPMG

Liabilities arising from insurance contracts and liability adequacy test (LAT)
The assumptions require significant Executive Board's judgment. The company has comprehensive procedures and internal controls in place to determine the value of the Liabilities arising from insurance contracts and the related LAT (see notes 5.2.2.J, 5.3.6 and 5.16). The Test margin, as an outcome of the LAT, is taken into account for the calculation of the available solvency (see note 5.4.2). In line with laws and regulation, the discount rate used for the LAT includes the Ultimate Forward Rate (UFR). As disclosed in note 5.4.2 the UFR has a significant impact on the LAT and the available solvency of the company
Our response We tested the internal controls regarding the determination of the Liabilities arising from insurance contracts and the LAT. Furthermore we challenged the assumptions used for the Liabilities arising from insurance contracts and the LAT, based on market observable data and actuarial analysis of the technical results during the year. We discussed the outcome of the internally prepared analysis with the internal actuaries and the external (certifying) actuaries, making use of our own actuarial experts. Furthermore we checked the adequacy of disclosure of the Liabilities arising from insurance contracts and the related risks and assumptions.
Our observation We found that the assumptions used and related estimates resulted in a cautious valuation of Liabilities arising from insurance contracts.

Shadow accounting
Description The company applies shadow accounting in its financial reporting as disclosed in note 5.2.2.J. As a result (un)realized results on fixed income investments, interest derivatives and inflation rate swaps, held to reduce the interest risk and inflation risk in the Liabilities arising from insurance contracts, are not recognized in Equity or Income but are transferred to the Liabilities arising from insurance contracts. Shadow accounting is complex, requires significant Executive Board's judgment regarding results that apply for shadow accounting and has a significant impact on the Liabilities arising from insurance contracts. The company has comprehensive procedures and internal controls in place to determine the shadow accounting. In relation to shadow accounting also the impact on the provisioning for Employee benefits is of importance. In the financial statements, the company is accounting for Employee benefits based on IAS19 as disclosed in note 5.2.2.L. The underlying pension contract for own employees is administrated by the consolidated group company ASR Levensverzekering N.V. which results in a not qualifying plan asset according to IAS19. However, due to the overlay interest hedging strategy of the company, swaps and swaptions are not specifically allocated to the pension contract for own employees. Therefore the (un)realized gains and losses from swaps and swaptions as a whole are accounted for in Liabilities arising from insurance contracts, based on the shadow accounting policy of the company, whereas the impact of changes in interest rates on the provisioning for Employee benefits based on IAS19 is part of actuarial gains and losses that are recognized in equity (see note 5.17.1).
Our response We tested the internal controls regarding the accounting of the (un)realized results on the fixed income investments, interest derivatives and inflation rate swaps, held to reduce the interest risk and inflation risk in the Liabilities arising from insurance contracts and relating shadow accounting adjustments including the appropriate elimination of impairment results on the fixed income investments that do not apply for shadow accounting. Furthermore we tested the application of shadow accounting by checking the reconciliations between (un)realized results on swaps and swaptions and the relating shadow accounting adjustment in the Liabilities arising from insurance contracts and the accounting on the provisioning for Employee benefits based on IAS 19.
Our observation We found that shadow accounting is consistently applied by the company and that the shadow accounting methodology contributes to the cautious provisioning for the Liabilities arising from insurance contracts.

KPMG

Investments

Description

The company invests in various asset classes, of which 79% is carried at fair value in the balance sheet. The breakdown of financial assets and liabilities measured at fair value into their fair value hierarchy is disclosed in note 5.6.1. As disclosed in note 5.2.1, in 2015 the company changed its accounting principles for Investment property and Property for own use also to fair value (see also note 5.6.3).
Fair value measurement can be a subjective area, especially for areas of the market reliant on model based valuations (Level 2 and Level 3) or with weak liquidity and price discovery. Valuation techniques for real estate, private equity investments and for non-listed bonds, equities or derivatives can be subjective in nature and involve various assumptions regarding pricing factors. The use of different valuation techniques and assumptions could produce significantly different estimates of fair value. The associated risk management disclosure is dependent on high quality interpretation of the available data.
The valuation of investments require significant Executive Board's judgment. The company has comprehensive procedures and internal controls in place to determine the valuation of the investments.

Our response

We tested the internal controls over valuation, independent price verification and model approval. We performed additional procedures for areas of higher risk and estimation with the assistance of our valuation specialists. This included, where relevant, comparison of judgements made to current market practice and re-performance of valuations on a sample basis. We also assessed the impact of other sources of fair value information including gains or losses on disposal. Finally, we tested the controls over related disclosures including the Risk management disclosures (in note 5.3.4 and 5.3.5) and fair value hierarchy in note 5.6.1.

Our observation

We found that the assumptions and models used resulted in a balanced valuation of investments.
We found that the disclosures regarding the change in accounting principles as disclosed in note 5.2.1 are in conformity with IAS8.

Acquisitions

Description

The company engaged in several acquisitions during the financial year. Acquisitions have been disclosed in note 5.35. The accounting treatment for Acquisitions is complex and requires significant Executive Board's judgment regarding:

- the timing of obtaining control;
- adjustments to the fair value of assets and liabilities acquired as part of the acquisition and the fair valuation of previously unrecognised identifiable intangible assets, including goodwill (purchase price allocation);
- subsequent consideration of impairment of these assets.

The company has used several financial and legal experts to determine the valuation of the asset and liabilities acquired and the accounting treatment for those acquisitions.

Our response

We assessed the timing of obtaining control by testing the analysis made by the company based on the underlying contractual arrangements. We tested the fair value of tangible assets and liabilities acquired including the adjustments to fair value made on initial recognition to adhere to the company's accounting policies. For the calculation of Liabilities arising from insurance contracts we made use of the work of external actuaries. Furthermore we tested the calculation of goodwill as the difference between the fair value of the assets and liabilities and the consideration paid.
We assessed the adequacy of the disclosure on the acquisitions as set out in note 5.35.

Our observation

We found that the acquisitions have been accounted in accordance with IFRS 3.

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

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Netherlands Civil Code and for the preparation of the Report of the Executive Board in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the Executive Board is responsible for such internal control as the Executive Board 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 Executive Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Executive Board 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 financial statements
Our objective is to plan and perform the audit 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 errors and fraud. For a further description of our responsibilities in respect of an audit of financial statements we refer to the website of the professional body for accountants in the Netherlands (NBA) www.nba.nl/standardtexts-auditorsreport.

Report on other legal and regulatory requirements

Report on the Report of the Executive Board and the other information
Pursuant to legal requirements of Part 9 of Book 2 of the Netherlands Civil Code (concerning our obligation to report about the Report of the Executive Board and other information):

- We have no deficiencies to report as a result of our examination whether the Report of the Executive Board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code, and whether the information as required by Part 9 of Book 2 of the Netherlands Civil Code has been annexed.
- We report that the Report of the Executive Board, to the extent we can assess, is consistent with the financial statements.

Engagement
We were appointed before 2003 for the first time as auditor of ASR Nederland N.V. and operated as auditor since then. We were re-appointed by the General Meeting as auditor of ASR Nederland N.V. on 16 April 2015, regarding the audit for year 2015. We will rotate off of the ASR Nederland N.V. audit for purpose of the 2016 annual accounts.

Utrecht, 4 April 2016

KPMG Accountants N.V.

W. Teeuwissen RA

6.2 Events after the balance sheet date

In January 2016, a.s.r. announced the acquisition of 100% of the shares in BNG Vermogensbeheer B.V. (BNG). BNG is a leading asset manager in the (semi) public sector, with a portfolio valued at nearly € 5 billion. BNG has a diverse customer portfolio chiefly comprising lower-tier authorities, health care and educational institutions, universities, network companies, housing associations, charitable trusts and capital funds, industrial pension funds and medical insurers. BNG manages customized portfolios and specialist investment funds on behalf of these clients, using its own techniques and models. The acquisition will strengthen a.s.r.'s position on the Dutch market for external asset management, in particular in the (semi) public and pensions sector. The approval of the DNB for the acquisition has yet to be obtained.

a.s.r. has made a change in accounting estimate in relation to the Liability Adequacy Test (LAT) of its insurance liabilities as of 1 January 2016. Until 2015 a.s.r.'s accounting policy was to use the DNB-LAT (Solvency I) for assessing whether its insurance liabilities were adequate (with exception in respect of surrender value floor). As of 1 January 2016 the Solvency II regime applies to a.s.r. The DNB-LAT test is therefore no longer required. Under Solvency II the insurance liabilities are determined based on a best estimate and a risk margin using the Euro Swap curve, including a credit risk adjustment, with Ultimate Forward Rate (UFR) and a volatility adjustment. This valuation of the insurance liability consistent with Solvency II is therefore used in the LAT. The calculations under Solvency II to determine the insurance liability correspond in substance with the Solvency I test. The transition to using Solvency II as the basis for the IFRS-LAT will enhance the comparability between the Solvency II reporting and IFRS reporting as from 2016 onwards. This change in estimate has no impact on net profit or total equity of a.s.r., as the outcome of the IFRS-LAT test shows a surplus value of the book value of the insurance liabilities over the best estimate.

6.3 Other equity interests

For notes to equity interests in associates and joint ventures see chapter 5.11.
The list of equitiy interests required under Sections 379 and 414, Book 2 of the Netherlands Civil Code has been filed with the Trade Register of the Chamber of Commerce in Utrecht.

6.4 Provisions of the Articles of Association regarding profit appropriation

Article 21 of the Articles of Association reads as follows:

1. The Company may distribute any profit to shareholders and other persons entitled to profits only if its net assets exceed the sum of the paid and called-up portion of its capital plus the reserves that must be maintained by law.
2. The Executive Board's proposals for the Company's reservation and dividend policies shall be subject to the approval of the Supervisory Board. These policies shall subsequently be adjusted and amended, if appropriate, by the Annual General Meeting of Shareholders (AGM). If the Executive Board does not make any proposals, the AGM shall have the right to adopt the reservation and dividend policies at its own discretion. The adoption and any subsequent amendments of the reservation and dividend policies shall be addressed and recorded as a separate agenda item in the AGM, in which process any departures from these proposals shall be explained stating the reasons.
3. The AGM shall determine annually, either on the recommendation of the Executive Board and subject to the approval of the Supervisory Board or on its own initiative, which part of the profit is to be retained or distributed.
4. With respect to the provisions of paragraph 1, the AGM shall have the right, either on the recommendation of the Executive Board and subject to the approval of the Supervisory Board or on its own initiative, to charge distributions to the distributable part of the net assets.
5. The AGM shall have the right, either on the recommendation of the Executive Board and subject to the approval of the Supervisory Board or on its own initiative, to distribute an interim dividend subject to the conditions set out under paragraph 1 above as evidenced by an interim statement of assets and liabilities referred to in Section 105(4), Book 2 of the Netherlands Civil Code.
6. No profit shall be distributed to the Company in respect of shares held by the Company in its own capital.
7. When calculating the profit, the shares held by the Company on which no dividend is distributed to the Company pursuant to paragraph 5 shall be disregarded.

8. Dividends shall be released for payment on a date determined by the Executive Board; this date shall not fall any later than on the fifth working day following the date of the dividend resolution. If the matter involves the distribution of an interim dividend, this day shall not fall any later than on the tenth working day following the date of the dividend resolution.
9. The claim of the shareholder for payment shall be barred after five years have elapsed.

6.5 Profit appropriation

The Executive Board will propose to the Annual General Meeting of Shareholders to distribute € 170 million in dividend on ordinary shares for 2015.

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Chapter 7

Sustainability

7.1 Sustainability strategy

As a trusted partner, a.s.r. offers transparent insurance solutions to its customers while creating sustainable and stable value for its stakeholders. a.s.r. translates this mission into prioritization of simple and transparent products, clear communication and fair treatment of customers. a.s.r. believes that an ingrained belief in service and employee skills will promote connections between a.s.r.'s employees, independent advisors and clients and will ensure alignment of interests with a.s.r.'s success and with society as a whole.

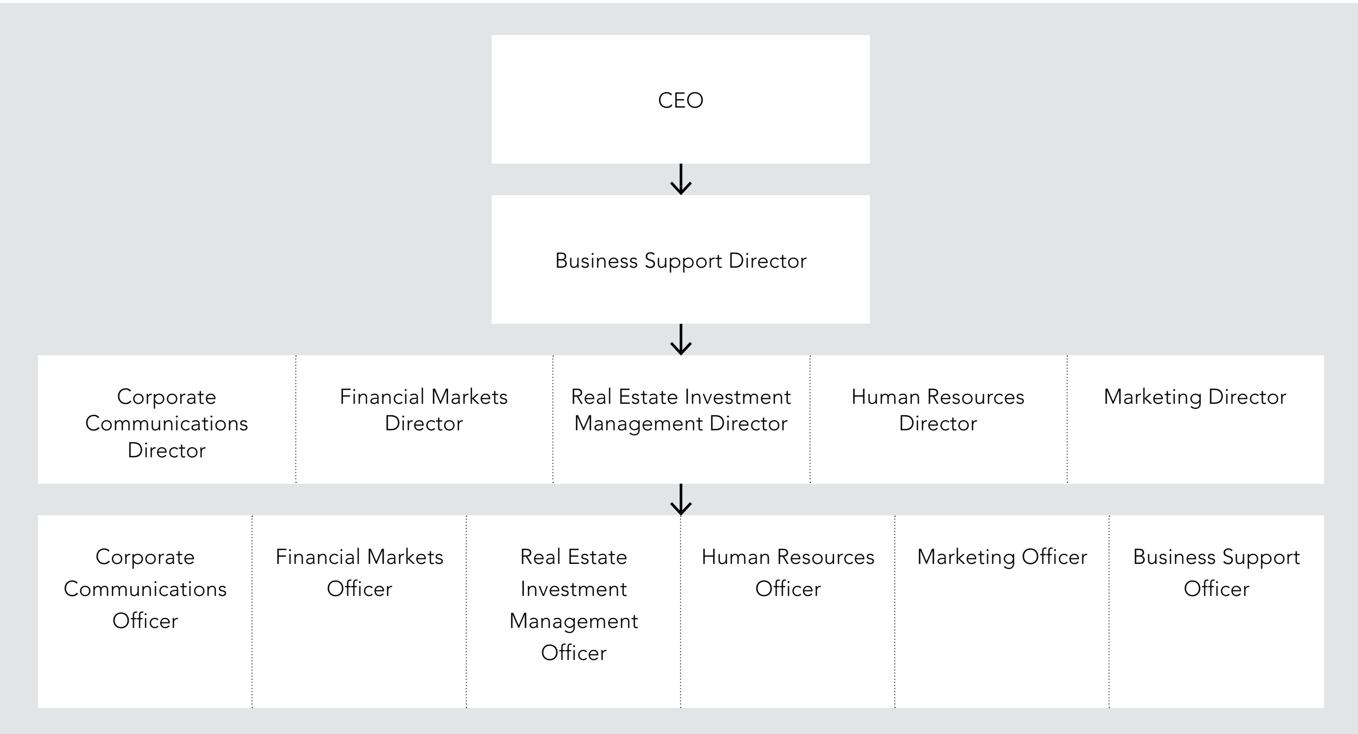
a.s.r. has defined five priorities in its sustainability policy: insurance, people, investments, planet and society; each of these priorities come with their own Key Performance Indicators (KPIs).

This chapter describes the results achieved on these KPIs in 2015 for each of these priorities.

7.1.1 Governance

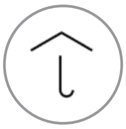
The CEO is responsible for sustainability issues. The Director of Business Support coordinates the implementation of the sustainability policy; she is assisted by a Sustainability Steering Group, whose members are the Directors of Corporate Communications, a.s.r. Real Estate Investment Management, Financial Markets, Human Resources (HR), Procurement and Marketing. The coordinating director reports to the portfolio-holder. The Steering Group manages a Sustainability Working Group staffed by officers from the same departments. This Working Group reports to the Steering Group. The Working Group reports regularly on results achieved and discusses the status of the sustainability policy with the Steering Group. This is used as a basis for determining the sustainability policy for the next year.

In 2015, the Working Group developed out the sustainability policy and the sustainability performance, and assigned responsibilities within the organization. An internal survey shows that, although a.s.r. employees are proud of the organization's sustainability initiatives, they are not always sufficiently aware of them and they do not always recognize the interrelationships between these initiatives. To improve this, messages about sustainability initiatives will place more focus on these interrelationships and their link with the sustainability policy. In addition, a separate sustainability icon has been developed for each priority; this icon is used in every internal message about a specific priority.

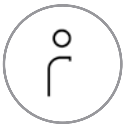


7.1.2 Priorities

The five sustainable priorities defined by a.s.r. and the related icons are:

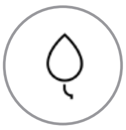


Insurance
Offering continuity and security to customers.
a.s.r. wants to provide sustainable insurance products, engages in continuous process improvements and simplifies its product offering.



People
Employees are encouraged to make the most of their potential. By connecting with customers, the business and HR, each employee becomes an a.s.r. ambassador, both within and outside a.s.r.

Investment
a.s.r. takes ownership by making allowance in its investment policy for ethical and sustainability criteria. Aspects reviewed by a.s.r. include human rights, working conditions, corruption and environmental issues.



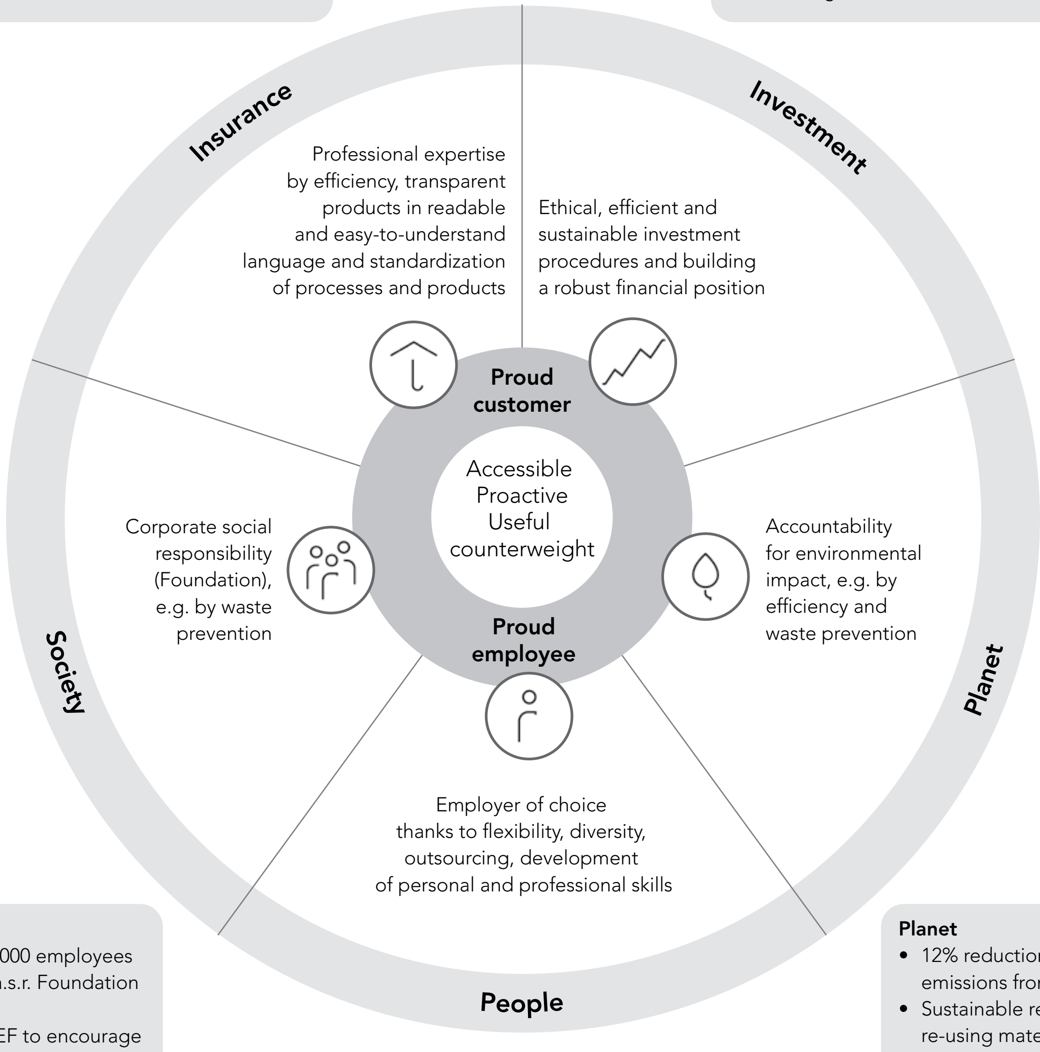
Planet
a.s.r. is committed to conserving nature and the environment by reducing its climate footprint to a minimum. a.s.r. is efficient about its consumption of water, energy and other resources. a.s.r. is committed to waste reduction, lowering carbon emissions and mobility.

Society
Helping people by taking action. Sustainability also encompasses being involved in the community. a.s.r. invests in a wide range of community initiatives, for instance by undertaking aid campaigns and projects.

Schematic representation of how each priority makes a sustainable contribution to the a.s.r. strategy.

Insurance
- Improvement in NPS
- All new propositions pass the PARP test
- Customer surveys result in product improvements
- a.s.r. labels meet criteria of Customer-Oriented Insurance Quality Mark
- Improvements in complaints handling to provide better customer service

Investments
- Further tweaking of sustainable investment policy
- a.s.r. best-in-class in surveys conducted by Dutch Association of Investors for Sustainable Development (VBDO) and Fair Insurance Guide
- a.s.r. makes real estate investments more sustainable
- a.s.r. actively exercises its voting rights as a shareholder in order to highlight sustainable investing



Society
- More than 1,000 employees take part in a.s.r. Foundation activities
- a.s.r. helps LEF to encourage financial self-reliance in young people
- a.s.r. colleagues involved in Money Week
- a.s.r. signed UNPSI, UN GLOBAL COMPACT; reporting based on standard GRI

People
- Nearly 400 employee participants in talent development programme
- Nearly 90% of employees nearly or fully engaged
- More than 450 employees involved in sustainable 'On the move' courses
- About 70% of employees took the oath in 2015

Planet
- 12% reduction in carbon emissions from 2014
- Sustainable renovation by re-using materials, recycling building rubble and making the area surrounding the office building more sustainable
- Sustainable mobility policy encouraging the use of public and alternative transport, and tightening of lease policy
- Reduction in electricity, natural gas and water consumption
- More charging stations for electric and hybrid cars

Key Performance Indicators

In its strategy, a.s.r. describes how it sees its role as a sustainable market player, making allowance for the socially relevant role that a.s.r. wants to play as an insurance company.

Each of the five priorities of the a.s.r. sustainability policy comes with its own Key Performance Indicators (KPIs).

By measuring the KPIs periodically and adjusting them where needed based on measured parameters, a.s.r. seeks to achieve its sustainability targets.

No.	Priority	KPI	Unit	Target	Results
1	Insurance	Customer satisfaction	Net Promoter Score	NPS of -10 for interactions awarded to a.s.r. as a group	NPS was -5 at 31 December 2015
2	Insurance	Transparent products	Product Approval and Review Process	Each new product goes through the PARP	Each new product went through the PARP
3	People	Engagement	Engagement score	A higher engagement score than in 2014 (49.5%)	Engagement score of 53.5% in February 2015
4	People	Engagement	Customer centricity	Customer centricity score: 8.0	Customer centricity score in 2015: 7.8
5	Investments	Energy efficiency of property portfolio	Energy Performance Rating/Energy Index	C rating (on average) for the residential funds	All a.s.r. REIM residential properties awarded an average energy efficiency rating of C
6	Investments	Tenant satisfaction	a.s.r. REIM tenant satisfaction rating	At least 7/10	a.s.r. REIM tenant satisfaction rating in 2015: residential tenants: 7.1 office tenants: 7.2 retail tenants: 7.3 (land) lessees: 7.5
7	Investments	Ethical, efficient and sustainable investments	% compliance with own policy/no major findings	100% compliance with own policy/no significant variances identified in relation to implementation of policy or responsible investments	a.s.r. investment policy is 100% compliant with own investment policy [1]
8	Planet	Energy consumption	Natural gas and water (m^3) and electricity (kWh)	Energy consumption in 2015 no more than 50% of that in 2005	• Electricity [2]: consumption in 2015: 8,554,298 kWh • Natural gas [2]: consumption in 2015: 357,930 m^3 • The 50% energy reduction on 2005 was achieved in 2015
9	Planet	Carbon emissions	Tons of carbon dioxide	2% reduction in carbon emissions year-on-year	Carbon emissions in 2015 amounted to 7,000.36 tonnes of carbon equivalents [3,4], a 10.31% carbon reduction on 2014

1 For more information about the investment policy, see chapter 7.4.
2 The lower energy and natural gas consumption was partly due to the shut-down of part of the building (Archimedeslaan 10 in Utrecht) because of the renovation, but includes consumption during the building works of 6,666 m^3 of natural gas and 312,272 kWh of electricity.
3 a.s.r. uses an apportionment key to determine the carbon emissions of various modes of transport used for commuting to and from work. This apportionment key has been determined based on measuring data for 2012.
4 March 2016. The emission factors have been aligned to the most recent scientific insights. The carbon footprint for 2015 and the footprint for previous years have been redefined based on recent insights.

Please note: no KPI was included for Society in 2015.

7.1.3 Stakeholders

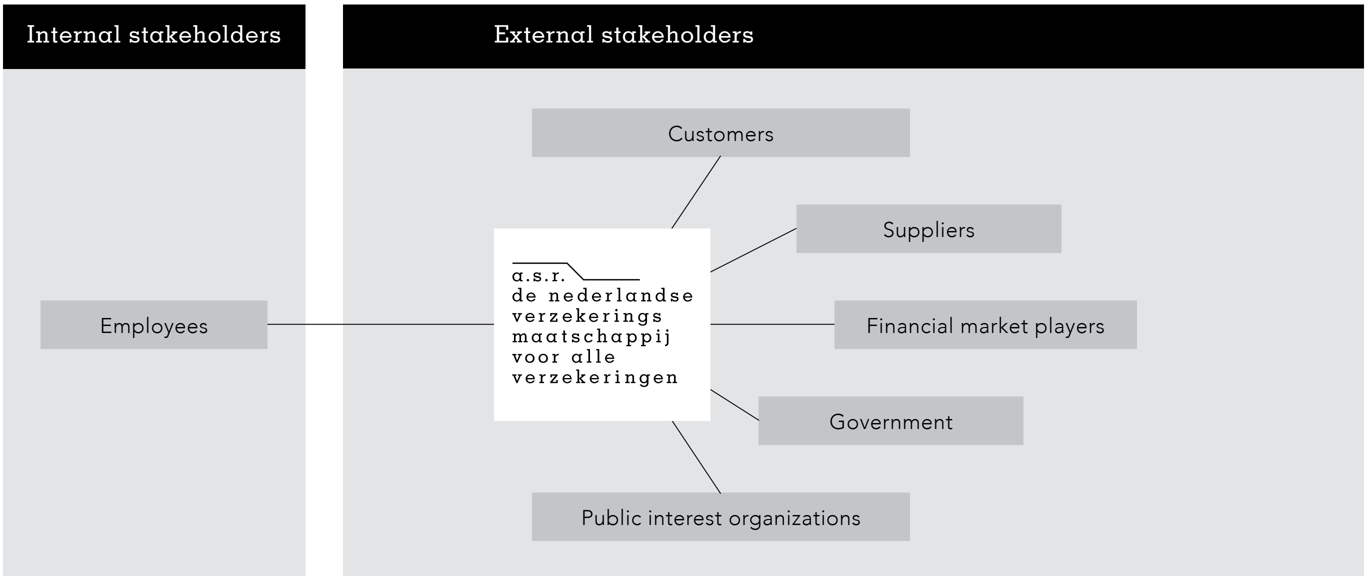
a.s.r. is engaged in a dialogue with all its stakeholders about the priorities, objectives and further policy-making of its sustainability policy. To this end, in addition to maintaining internal contacts, a.s.r. keeps in close contact with a broad group of external stakeholders, including customers, suppliers, financial market players, government bodies and public interest groups (see Appendix F, Identified stakeholders, for a detailed list of stakeholders).

Interaction with stakeholders

a.s.r. keeps in close contact with all its stakeholders. Based on the stakeholder model, a.s.r. engages in a dialogue with its customers, employees and suppliers, and with financial market players, politicians, public interest organizations and shareholders, and keeps close track of trends and developments in society, also entailing changes in the more distant future. a.s.r. regularly consults with customers through such tools as customer journeys and customer panels. a.s.r. engages in a dialogue with its employees through the Works Council, in periodic sessions with the trade unions, via the intranet and during employee meetings. To this end, ten ‘dialogue sessions’ were held in 2015, in which process members of the Executive Board meet with an ever-changing group of about 50 employees. In addition, employee sessions were held in each department as well as four plenary meetings between the Executive Board and all a.s.r. managers.

a.s.r. also interacts frequently with intermediaries, social partners, regulators and public bodies. Trends in society and the dialogue with stakeholders form the basis for identifying key themes to be reported. Input from stakeholders has been used to define what they consider to be the 20 most relevant and important themes: these have been included in the materiality matrix. A trend in society qualifies as material if it is relevant to the stakeholders and could have a significant impact on a.s.r. The greater the impact of the theme on both society and a.s.r.’s operations, results and strategy, the greater the materiality of the development. In order to remain relevant as an organization and execute our strategy, a.s.r. makes sure that these trends are reflected in its operations and management procedures. For the materiality matrix, see page 21.

a.s.r. and internal and external stakeholders



7.1.4 Audit

a.s.r. Audit provides a professional and independent assessment of the governance, risk management and internal control processes with the aim of aiding management in achieving the company's objectives. In doing so, Audit evaluates the effectiveness of governance, risk management and internal control processes, and gives practical advice on process optimization. Audit performed the following sustainability audits in 2015:

Public interest		
1.	ASR Nederland N.V.	- Dutch Code of Conduct for Insurers
2.	a.s.r. Bank	- Segregation of assets
3.	HR	- Sound remuneration policy
Customer centricity		
1.	ASR Nederland N.V.	- Legal framework
2.	ASR Nederland N.V.	- Compliance management
3.	ASR Nederland N.V. and a.s.r. Bank	- Product Approval and Review Process
4.	ASR Nederland N.V.	- Customer-Oriented Insurance Quality Mark (a.s.r./Ditzo/De Amersfoortse/Europeesche Verzekeringen)
5.	ASR Nederland N.V.	- Marketing management
6.	Health insurance	- Customer contracts
7.	Pensions	- Pension Insurance Advance Levy Fund
8.	Pensions	- Executive pension scheme
9.	Pensions	- Process of managing the new Employee Pension product *(Werknemers Pensioen)* with focus on actuarial and financial processes
10.	Pensions	- Outsourcing back-office activities to Infosys
Sustainability		
1.	a.s.r. Real Estate	- Process of purchase, sale and lease of rural real estate
2.	a.s.r. Real Estate	- Fund management of Dutch Core Residential Fund

No environmental audits were performed in 2015.

7.2 Insurance

Offering security to customers is what lies at the heart of our business. Customers need to be able to rely on a.s.r. meeting its financial obligations because a.s.r. enters into long-term liabilities such as pension contracts. That is why sustainable financial robustness is essential and one of our top priorities.

The products and services a.s.r. offers meet the needs of the customers; in addition to being subject to an in-house review (PARP), they are also assessed by consumers and employers or a selection of customers. Market surveys, social media, customer behaviour surveys and customer panels are just some of the instruments a.s.r. uses to identify about its customers' needs.

a.s.r. attaches great value to offering the most transparent products and services. That is why a.s.r. is open and honest about its rating in the AFM's Customer Centricity Dashboard. This annual survey by the regulator benchmarks the extent to which Dutch financial institutions focus on customer interests in their products, services and processes. a.s.r. achieved a score of 3.4 out of 5 on the Dashboard for 2014/2015. Although this corresponds with the average score for the financial sector, it is 0.2 lower than last year when a.s.r. scored 3.6.

Multi-channel, multi-label model (hybrid distribution model)

Given that a.s.r. wants to provide easy access to every customer, it offers its financial services through a multitude of channels. To be able to do so, a.s.r. works with more than 5,500 independent financial advisors located throughout the Netherlands. The a.s.r. website offers customers the option of choosing the financial advisor closest to them. Ditzo's products and services are offered exclusively online. Customers can access the Ditzo website from any location and at any given time. The website is responsive, which makes it suitable for viewing on smartphones and tablets as well. In addition, no-threshold guidelines are followed to keep the websites as accessible as possible and make continuous improvements.

See chapter 7.4.7 for specific sustainability initiatives taken by a.s.r. Real Estate.

7.2.1 Transparent products and product descriptions

a.s.r. is continuously looking to improve the processes that are in place to help customers, for instance by assisting unit-linked policyholders and by simplifying the product offering. a.s.r. is constantly making sure that prospective and existing customers can access and understand the information it provides.

The customer information improvement plan outlines the steps that a.s.r. is taking to make information more accessible and easy-to-read. Realized by rewriting style guides and offering training courses in language level B1/customer-friendly information. The various rules of conduct for sustainability in actions and habits also contribute to this.

In addition, a.s.r. improves its processes based on customer feedback (e.g. from the Net Promoter Score (NPS) measurement, closed-loop customer feedback (CLF), customer satisfaction surveys and surveys among intermediaries). Closed-loop customer feedback is important because it enables employees to solicit feedback from customers on a continuous basis, translate it into ideas for improvement and implement targeted improvements. The NPS and CLF measurements for customer interaction have been implemented in all a.s.r. labels and departments. These measurements serve as a basis for the improvement programme for service and customer perception. Another key instrument that contributed to process improvements in 2015 is that of customer journeys. By engaging with customers about how a.s.r. handled their claim, a.s.r. identified and implemented concrete improvements. a.s.r. will further intensify these customer journeys in 2016. a.s.r. has already developed a number of new products that tie in perfectly with this aim.

Product Approval & Review Process (PARP)

PARP is about embracing the philosophy that a.s.r. as an organization endeavours to offer high-quality products that are relevant to customers and profitable for a.s.r. New a.s.r. propositions go through the PARP process, which ensures that they are developed in such a way as to meet the needs of customers and square with customer centricity in a number of different scenarios. A key aspect is that a proposition is geared to the needs of the target group. The duty of care and the provision of information are also part of the process. Existing products undergo a modified process. They are evaluated based on a risk assessment. Products that are no longer offered are evaluated too, using today's set of standards. Products are also tested for their cost effectiveness, usefulness, safety and reliability. In addition, the relevance of a product or service's coverage, costs and benefits is reviewed and it is evaluated whether these aspects have been explained in a clear and understandable manner. If not, the product is adjusted accordingly.

The PARP Board, which is chaired by the Marketing Director, meets every six weeks. People with the knowledge and skills required in a product development process have specific responsibility for the various sub-steps. Customer centricity is key in every step of the process, and Risk Management, Legal and Compliance have each been given a special responsibility. Other departments involved in this process are: Communications, Market Research, Sales, Product Management, Business Actuarial, Complaints Management, IT&C, Control and the Customer Contact Centre.

In 2015, eight new propositions, 30 product adjustments and 30 reviews of existing products (a three-yearly agenda item) were submitted to the PARP Board for approval. In most cases, the reviews led to adjustments to the product offering to benefit customers; a small number of products were discontinued.

Customer surveys

Over the past few years, a.s.r. has gained extensive knowledge and experience from qualitative reading tests. For this reason, a.s.r. now only tests messages that are completely new, such as terms and conditions in an entirely new lay-out, and high-impact messages or communications with a high compliance risk. In addition, other messages are increasingly tested by online customer panels. This also gives a.s.r. an impression of the readability and acceptance of less complex or lower-impact messages. The outcome can be used to make changes where needed. Besides qualitative reading tests, a.s.r. conducts various other customer surveys. These are listed below.

Survey	Purpose	Frequency	Follow-up
Brand and image measurements of a.s.r. labels	Understand brand awareness, brand preference, brand perception and brand image	Continuous measurement	Tweak brand strategy
NPS closed-loop feedback	Evaluate customer perceptions	Throughout the year	Concrete improvements for business lines, teams, employees and processes
Satisfaction survey	Map out customer satisfaction level with a.s.r. online savings Bank	Once a year	Improve online savings account
Process and relationship measurement	Evaluate customer perceptions of their relationship with and processes at a.s.r. Pensions	Four times a year	Improve services provided by pensions business
Loyalty test	Map out needs of existing occupational disability policyholders and increase their loyalty	Once only	Increase loyalty and create value-added services
Findability test	Improve findability of terms and conditions governing household contents insurance	Once only	Tweak communications
Readability tests	Write clearer and more readable messages. In 2015, this was applied to email messages about Ditzo car insurance, the conversion to New Generation Life and indexation at Ardanta	Once only for each test	Tweak communications
Evaluation tests	Evaluate how a.s.r. products are rated. In 2015: opinion of business owners about health insurance proposition	Once only	Improving proposition

Product modifications

The following product improvements were implemented in 2015:

a.s.r. – VVP Woonhuis- en Inboedelverzekering

The revamped *Woonhuis- en Inboedelverzekering* (residential premises and household contents insurance) is a sustainable solution that ties in with the changing insurance needs of customers. Customers are increasingly sharing their possessions, renting out their property through Airbnb and owning more and more mobile devices. In addition to offering broad basic coverage, this revamped policy provides various forms of optional coverage that meet the needs of customers today, including:

- Coverage for temporary rental through such channels as Airbnb;
- Solar panel coverage;
- Mobile device coverage.

a.s.r. – VVP Rechtsbijstandverzekering
This new modular legal assistance insurance policy replaces the two separate Basic and Comprehensive legal assistance polices in the revamped Voordeelpakket package. Customers can now put together their own legal assistance policy based on modules, so that they only insure and pay for what they need.

De Amersfoortse launches occupational disability policy 2.5 and flexible occupational disability insurance
Targeting self-employed persons, De Amersfoortse has launched AOV 2.5, an occupational disability policy paying benefits for two or five years. There are 800,000 self-employed persons in the Netherlands; three-quarters of them have no occupational disability insurance. De Amersfoortse's new policy targets them in particular by paying benefits for two or five years, depending on the choice made when taking out the policy. AOV 2.5 is designed to encourage self-employed persons suffering from an occupational disability to return to work by providing job counselling and retraining or refresher courses. The target group are self-employed persons who cannot afford or do not want to take out comprehensive occupational disability insurance to age 67, but do want some coverage.

A flexible occupational disability policy was introduced in 2015 as well. This flexible policy allows business owners to change their coverage, including the insured sum, policy excess, contract term, benefit payment threshold, age limit and indexation of benefits, at any given time.

De Amersfoortse combines occupational disability and health insurance in a single policy
De Amersfoortse has offered the *Doorgaanverzekering* health insurance policy since November 2015. This policy combines comprehensive occupational disability insurance for business owners with a free-choice health insurance policy, additional coverage for the business owner's family, including for childcare, domestic help, caregivers or cancer counselling, and the support of a personal health insurance expert, who can answer questions and make arrangements for the policyholder. The *Doorgaanverzekering* policy is available to both existing and new customers.

Ardanta – Surrender
New funeral insurance policies have been surrenderable, in accordance with the relevant policy conditions, since 1 July 2015. The surrender option offers a comparable, yet better product, without the drawbacks of switching.

Ardanta – One brand, one story
The various Ardanta websites were redesigned and integrated in September 2015. This contributes to a better positioning of the practical guide to death and dying and helps to deliver on the brand promise of 'rest & peace'.

Ardanta – Advice is key
Contrary to what is customary in the market, Ardanta has chosen to provide advice to customers rather than educating them. Our advisors are certified asset-building experts.

7.2.2 Customer-Oriented Insurance Quality Mark

The Customer-Oriented Insurance Quality Mark (Dutch acronym: KKV) is a mark of the quality of service and customer focus of insurers. When an insurer holds this quality mark, customers can count on receiving clear information, insurance that meets their needs and a first-rate service. The quality mark allows insurance companies to demonstrate that customer focus is truly top-of-mind for them and that they are audited for being customer-friendly. The a.s.r., De Amersfoortse, Ditzo and Europeesche Verzekeringen labels have all been awarded the quality mark. After the most recent survey by the Dutch Insurance Review Agency at the end of 2014, these labels were awarded the quality mark for another two years. From 2015 onwards, the surveys will be conducted periodically throughout the year. This allows the Dutch Insurance Review Agency to continuously monitor the performance of all labels rather than once every two years.
For more information, please log on to www.keurmerkverzekeraars.nl (in Dutch).

Ardanta does not carry the Customer-Oriented Insurance Quality Mark. It did start to develop various initiatives in 2015 to offer better client service, including featuring customer journeys such as 'Being a Customer' and 'Surviving Dependant'.

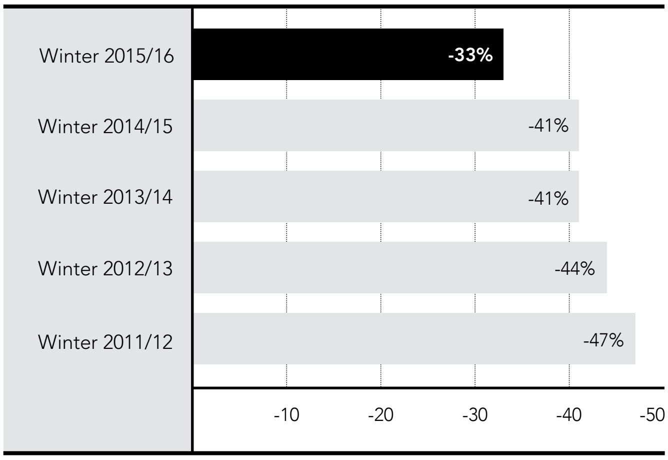
7.2.3 Customer appreciation

One of the tools used by a.s.r. to gauge how customers feel about its products and services is the Net Promoter Score (NPS). NPS is the outcome of the answer to the following question: "How likely is it that you would recommend [type of policy] offered by [insurer] to your family, friends or colleagues?" Or "to colleagues or business partners", in a B2B setting. a.s.r. measures its NPS because customer appreciation is a key priority in its strategy.

a.s.r. has measured the NPS for all a.s.r. brands since mid-2009. Research has shown that brand enthusiasm and customer loyalty are correlated to the extent to which they would recommend a brand to others. A positive NPS means that there are more customers who would recommend the brand to others than customers who would not. Conversely, a negative NPS means that there are more customers who would not recommend the brand to others than customers who would.

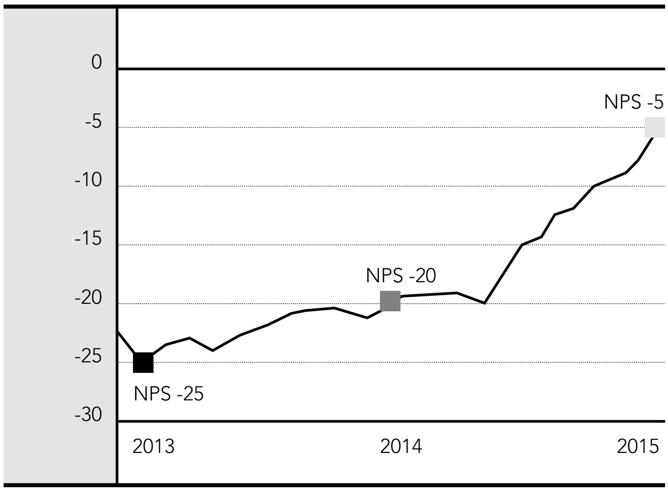
NPS at brand level

The measurement at brand level is performed by an external research agency. In winter 2015-2016, a.s.r.'s NPS stood at -33. This marks a significant improvement on the winter measurement of 2014/2015; it is also the highest score a.s.r. has achieved since the baseline measurement in 2009. It is a.s.r.'s ambition to achieve the best NPS in the market.



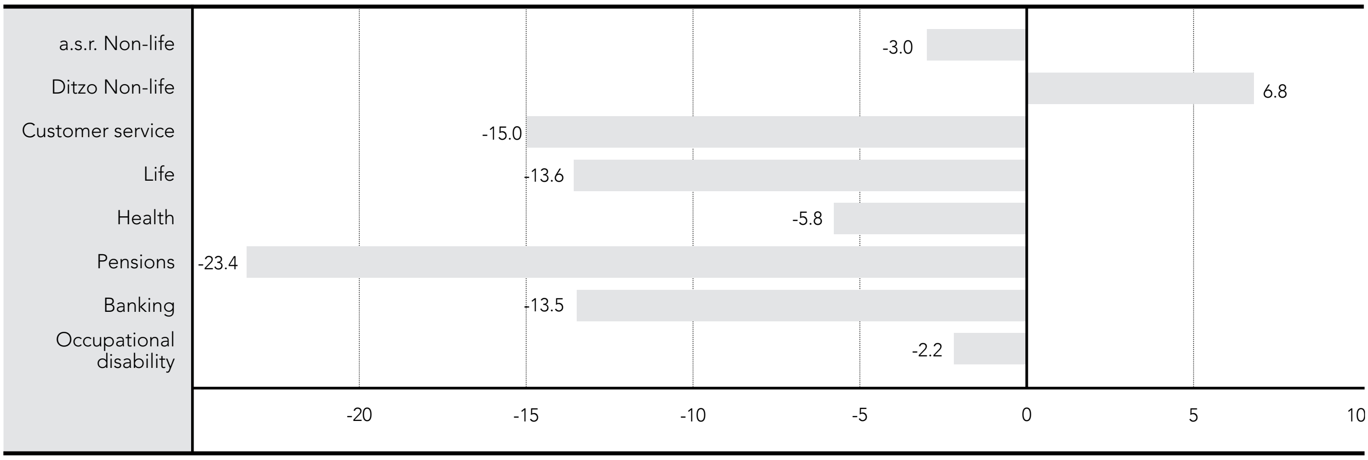
NPS at label level

The chart below shows trend lines in the development of the NPS. The scores mentioned are based on interactions between customers and a.s.r. after a telephone call. a.s.r. performs these measurements itself.

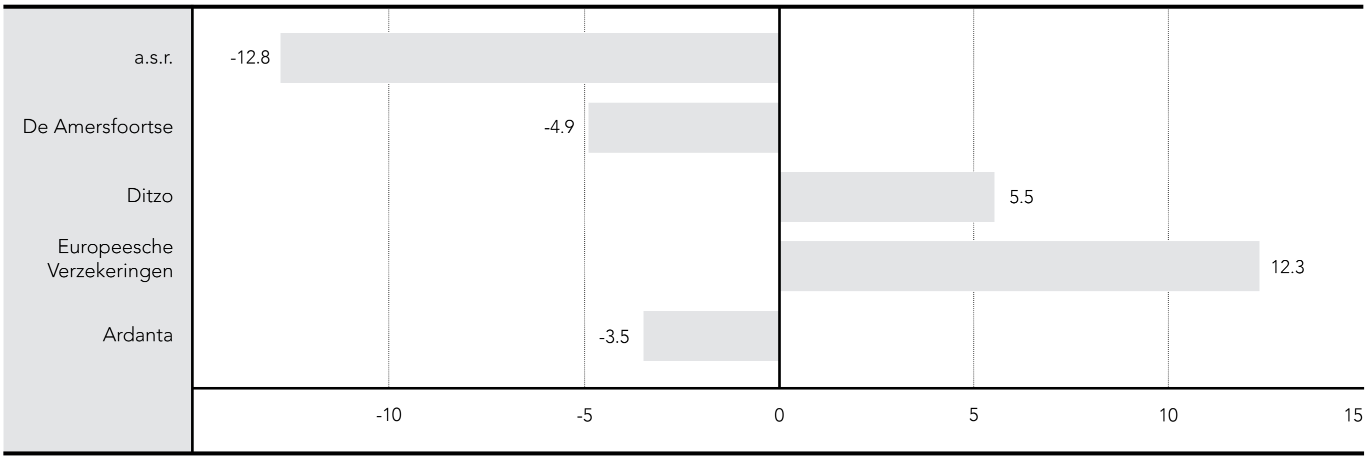


NPS by business line and label

NPS by business line



NPS by label



7.2.4 Customer privacy

a.s.r. has implemented certain policies and procedures to address data protection and privacy matters with respect to customer data. a.s.r. maintains online privacy (asrnl.com) and cookie statements. The privacy statements describe, amongst others, the categories of data a.s.r. collects, the purposes of such data collection and how customers may access such data, and to the extent necessary correct any inaccuracies. Customers can contact a.s.r. with requests related to that data in writing, to further enhance its ability to comply with the various data privacy laws and regulations (such as the Dutch Data Protection Act *(Wet bescherming persoonsgegevens)*). a.s.r. also has a policy with respect to data leakage to comply with new legislation in this respect. Furthermore, a.s.r. has appointed a Data Privacy Officer. a.s.r. regularly reviews its policies.

7.2.5 Complaints management

a.s.r. has a Complaints Management Team, which monitors that all complaints are handled in a consistent manner and ensures that complaints are managed accordingly. Individual complaints are handled locally in the various product and business lines.

The key objectives of complaints management are as follows:
- a.s.r. is open to complaints, which is why it is easy for customers to file a complaint;
- a.s.r. communicates clearly about its view and about the resolution of the complaint.

Complaints handling as a skill

Complaints help a.s.r. to learn from mistakes and to understand customers better. Every customer who filed a complaint about a.s.r. in 2015 was assigned a dedicated complaints handler. a.s.r. regards handling complaints as a specialist skill, which requires professionalism, competence and the right mentality. a.s.r. only has professional complaints handlers. They have the power, knowledge and skills to handle complaints in accordance with the complaints handling procedure.

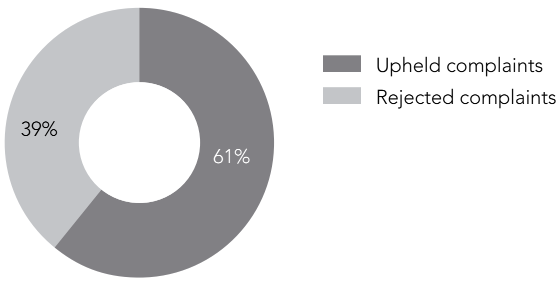
a.s.r. continued to professionalize its complaints handling procedures in 2015 with a view to providing even better customer service. Particular strides were made in the area of interview techniques, by offering complaints handlers customized courses in the form of telephone training, negotiation skills training, mediation and courses to identify the root causes of customer complaints. Once they have identified these root causes, complaints handlers can suggest improvements.

Learning and improving

More focus was placed on learning and improving from complaints and customer signals in 2015. Besides identifying root causes, a.s.r. also asks customers to offer feedback on complaints handling. Once the complaints handler – in dialogue with the customer – closes the ticket, a.s.r. sends the customer an e-mail asking them to participate in a customer satisfaction survey. a.s.r. uses the customer feedback to tweak its complaints handling procedures.
Examples of what a.s.r. has learned and improved were posted on asr.nl for the first time in 2015.

Handled complaints

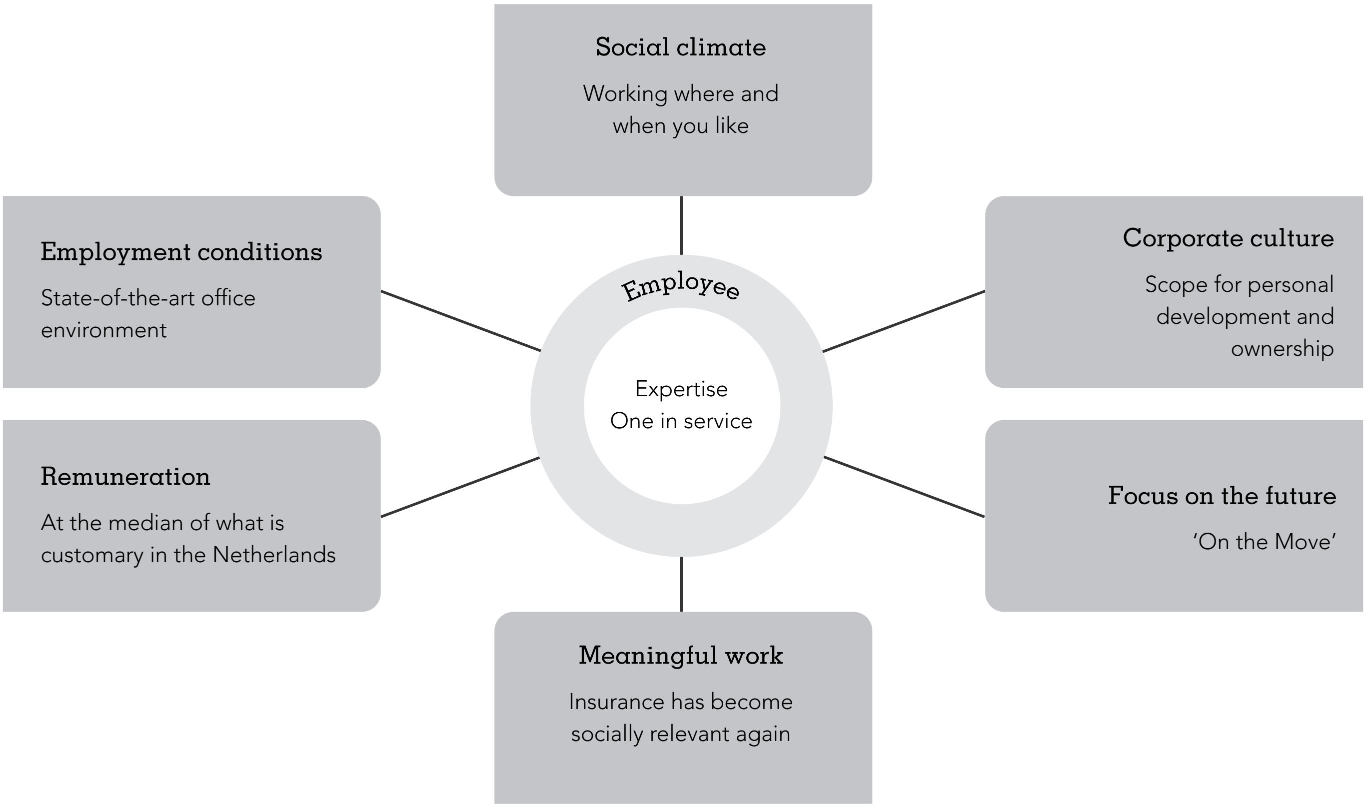
	2015	2014	2013
Upheld	4,842	5,843	5.262
Rejected	3,097	3,680	4,109
Total	**7,939**	**9,523**	**9,371**



7.3 Employer

Having a talented, qualified and healthy workforce is key for a.s.r. in achieving its business objectives. That is why a.s.r. is committed to attracting, retaining and inspiring the best people, offering them extensive scope for training and development, and facilitating a sound work/life balance.

Flexibility and employability are important concepts going forward. With this in mind, employees are expected to take ownership of their own career. a.s.r. invests in the sustainable employability of its employees, harnessing developments in the market, competitive conditions and technology.



To utilize people's full potential, managers need to have the right management style and skills. For this reason, leadership development will be one of the priorities of the HR policy in 2016.

7.3.1 Diversity

At a.s.r., diversity comes in various shapes and sizes. a.s.r. makes an effort to create jobs for people from vulnerable groups in society.

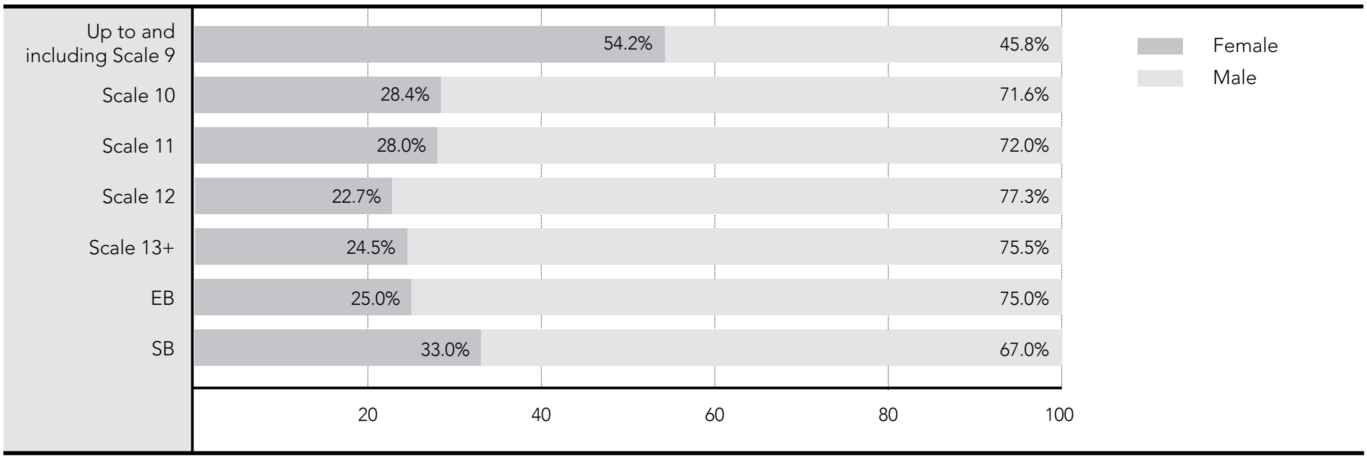
Dutch Participation Act

Owing in part to the introduction of the Dutch Participation Act, a.s.r. developed a policy in 2015 that is designed to hire a set number of people with an occupational impairment every year; these people are referred to as 'a.s.r.'s exceptional talents´. By 2026, at least 70 positions of 25.5 hours per week (about 45 FTEs) need to have been filled by people with an occupational impairment. On 31 December 2015, six young people with an occupational impairment had been hired. a.s.r. is exploring options in other business lines as well. A Participation Desk has recently been created to assign low-skilled workers with an occupational impairment to jobs in various business lines. Highly educated persons with an occupational disability are recruited through special channels; they are given preference over equally suitable candidates who do not have an occupational impairment. The target for 2016 is: to hire 13 employees who come under the target group of the Participation Act.

Women at the top

a.s.r. also monitors the intake, progression and retention of women in management positions. It proactively tries to hire women in management positions. The ratio of women on the Executive Board and the Supervisory Board of a.s.r. at year-end 2015 was 25% and 33%, respectively.

Breakdown of men and women holding management positions



7.3.2 Compliance

The compliance function is an independent and centralized function within a.s.r. The mission of the compliance function is to enhance and ensure the integrity and control of operations at a.s.r., and to safeguard a.s.r.'s reputation. a.s.r. sets great store by a spotless reputation. This reputation is largely determined by irreproachable and professional conduct on the part of employees and the manner in which they perform their duties. This conduct must also be in accordance with the a.s.r. principles: a.s.r. is a socially relevant insurance company that helps by taking action.

The a.s.r. Code of Conduct describes what a.s.r. stands for as a business and what conduct and behaviour it expects from its employees. The Code addresses the responsibility employees have for the environment in which they work and live. It forms a guideline for actions and decisions, and helps to perform duties properly, and with due care and integrity. a.s.r. has also undertaken to adhere to the rules of conduct governing the sector (such as the Dutch Code of Conduct for Insurers and the Dutch Banking Code).

To confirm that they will observe and apply the a.s.r. Code of Conduct, all employees swear an oath or make a solemn affirmation that they will perform their duties with due care and integrity. The deadline for all employees having taken an oath or solemn affirmation is 1 April 2016. At year-end 2015, 70% of all employees had done so.

7.3.3 Fraud

Fraud, including corruption and unethical conduct, undermines public trust in a.s.r. and in the financial sector as a whole. a.s.r. attaches great value to its integrity and good reputation as a financial services provider, as well as to preventing fraud and unethical conduct. a.s.r. actively looks to prevent, recognize and investigate fraud and/or unethical conduct, and to address it uniformly and adequately. a.s.r.'s fraud prevention policy is based on the sector-wide policy that financial institutions use to fight fraud. This policy promotes compliance with relevant laws, regulations, ethical standards and the related internal procedures. a.s.r. has in place an incident policy and desk for reporting incidents and data leaks. Under the whistle-blowing procedures, a.s.r. employees can report instances of malpractice (or suspected malpractice) freely and without feeling threatened.

To limit the risk that a.s.r. hires persons who can cause physical, financial or reputational harm to a.s.r., its customers or other business relations, everyone working at or for a.s.r., including suppliers and intermediaries, is expected to undergo an advance integrity screening.

7.3.4 Engagement

The engagement scan is a key indicator of how employees feel about a.s.r. in these dynamic times. Committed employees are an essential condition if a.s.r. will be an insurer that is trusted by our customers. The results of the engagement scan are used to review the past period, but also and more particularly to determine how employee engagement can be strengthened going forward.

Outcome of engagement scan 2015

The engagement score rose to 53.5% in 2015, a 4%-point rise on 2014. Employees indicated that they know why a.s.r. has made it its priority to treat customers fairly (52.2% score this a 9 or 10). Employees have also said that they are given the opportunity to treat customers fairly (7.3), that their managers actively encourage them to do so (7.2) and that they are making an extra effort to treat customers fairly (8.3).

Engagement score for a.s.r. (overall)	2015	2014	2013	2012	2011
Response rate	82.6%	80.2%	86%	82.9%	80.6%
Engaged	53.5%	49.5%	55.1%	44.4%	41.7%
Nearly engaged	33.6%	34.9%	32.8%	38.5%	38.9%

The upward trend that was initiated in 2010 and fell slightly in 2014 was back in 2015. Trust in the business was already firm last year and continued to rise in 2015. What is more, a growing number of employees now feel proud of a.s.r. In addition, a large number of employees appreciate the option of taking ownership. Another positive and crucial aspect is that employees have said that they need to focus even more on what the customer wants.

7.3.5 Health and vitality

Healthy and fit employees are more versatile in the labour market, which benefits both themselves and a.s.r. That is why a.s.r. is actively concerned with vitality, for instance by having in place an appropriate occupational health and safety policy, having regard to mental and physical health issues, providing sports facilities and offering healthy choices in the cafeteria.

Through The New World of Work and the provision of convenience services, a.s.r. tries to contribute to a healthy work/life balance of its employees. a.s.r. also offers (online) courses in the areas of time management, workload structuring and stress prevention.

The theme of health and vitality is highlighted by a.s.r.'s participation in the Week of Stress at Work and outdoor walking lunches.

The Mindfree course has visibly resulted in a drop in absenteeism of employees who regularly interact with customers. It has also made young people with an occupational impairment more effective in their work.

7.3.6 Training and development

Besides the standard offering of required or role or job-related courses and development opportunities, each employee can take courses of their own choosing to increase their sustainable employability and innovative drive. This is designed to make them more versatile in the labour market. a.s.r. has also undertaken various initiatives that support employees in their further development and career, whether at a.s.r. or elsewhere. These initiatives are described below.

Sustainable employability

Sustainable employability involves ensuring that employees can continue to participate as long and as fully as possible in the labour market while retaining their vitality. An important precondition is that they are highly motivated and have the right skills and training. a.s.r. contributes to this by offering them opportunities to develop themselves and improve their labour market prospects, both at a.s.r. and elsewhere. All a.s.r. employees are entitled to support for increasing their sustainable employability; they can ask to receive career counselling and choose from a wide range of workshops and courses.

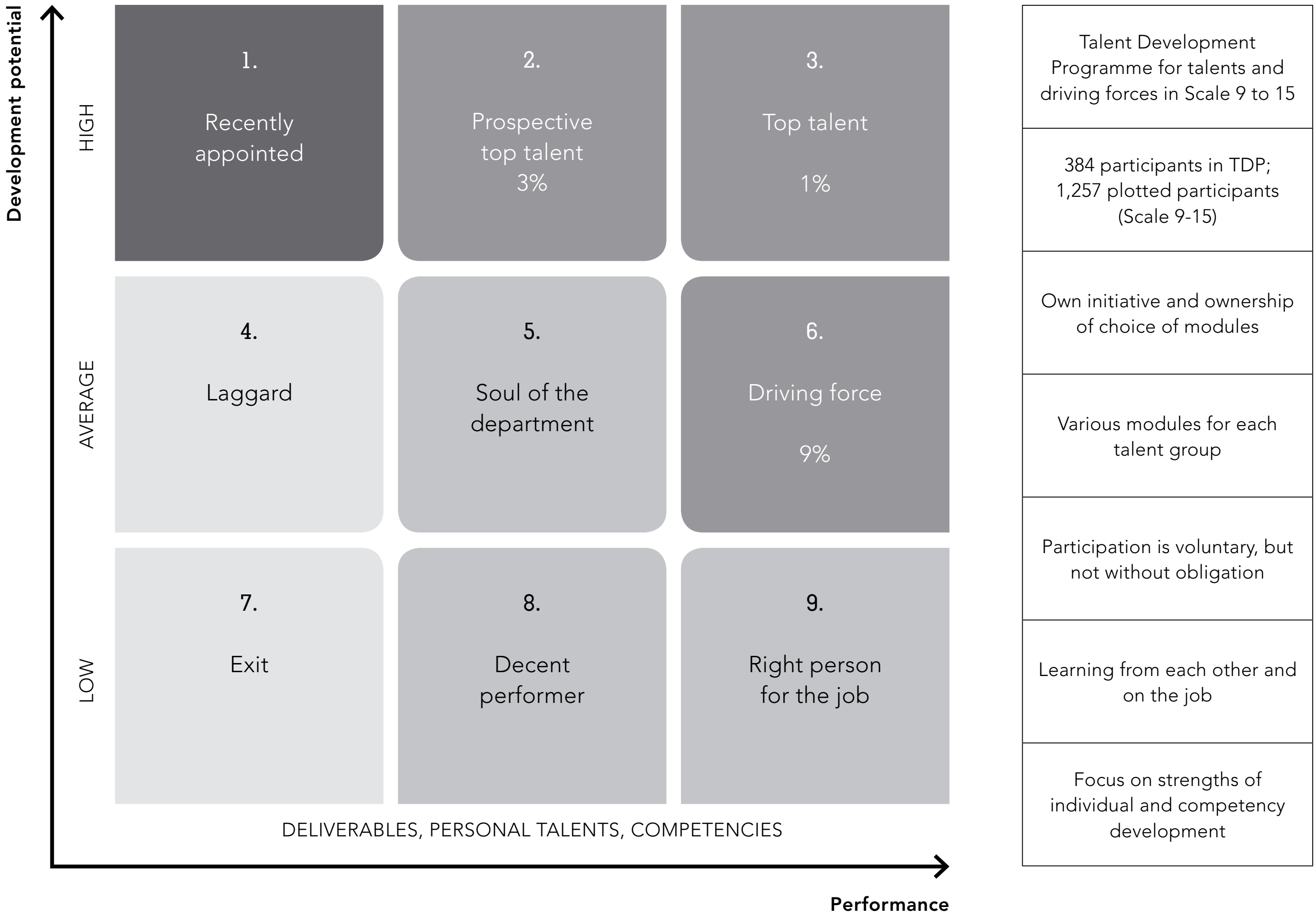
In 2015, 289 employees received sustainable employment counselling and 97 availed themselves of mobility services (redundancy programmes). The goal for 2016 is to raise the percentage of employees who find a new job after having been made redundant. a.s.r. wants to create more awareness of sustainable employability in 2016. In concrete terms, a.s.r. wants at least 10% of all employees to make use of counselling and/or take one or more sustainable employability workshops every year.

On the move

This is a new HR programme that allows colleagues to take charge of their future, whether it concerns talent development, mobility (sustainable employability within or outside a.s.r.) or redundancy. The goal is to spur employees into action, to facilitate their development and to increase their chances on the labour market (at a.s.r. or elsewhere). During 2015, 462 employees participated in this programme. HR's aim here is to prevent redundancies (in the long term), since the employees have taken ownership of their own careers long before the redundancy issue will even arise.

New employee survey

During the annual employee survey, an inventory is made of the employee base by discussing the performance and potential of managers and employees and entering them in a matrix. The senior management review was revamped in 2015 in that the matrix was adjusted; rather than reviewing a select group of staff, all employees were discussed by their line managers and at least one more manager within their own business line (four-eye principle). An HR officer was also involved in the review. The results of the review serve as input for strategic capacity planning. Thanks to the new approach, the process has become simpler and more transparent; it is easier to benchmark performance and potential, and more convenient to link up follow-up actions.



Talent Development Programme

One of the follow-up actions of the employee survey is the new Talent Development Programme, which was launched in 2015. 384 employees and managers in Scale 9 and up who were identified in the employee survey as driving forces (255), prospective top talents (97) and top talents (32) were invited to take part. The programme, which spans a year, is made up of modules that can be taken by the participants during the year. The modules centre around themes such as retaining, engaging, inspiring, developing and strengthening. A second Talent Development Programme for employees in Scales 2 to 8 will be started in 2016. 230 employees were invited to take part, 160 of whom qualify as driving forces, 46 as prospective top talents and 24 as top talents.

Trainee programme

As part of its talent development drive, a.s.r. offers a trainee programme. Between six and twelve trainees take on various projects within a single business line over the span of 18 months. This will allow the trainees, who are university-educated, to build up targeted knowledge and experience. Trainees are hired specifically for a business line or discipline. Two traineeships per year have started since July 2015. Five trainees started in the first half of 2015 and the hiring process for new trainees was kicked off at the end of 2015.

Dutch Financial Supervision Act

Starting 1 January 2017, a set group of front-office staff are required to meet the requirements of the new professional competence framework of the Dutch Financial Supervision Act, meaning that they need to earn professional qualifications and demonstrate that they are taking continuing education courses. Contrary to the statutory deadline, a.s.r. endeavours to have all its front-office staff meet these provisions by 1 January 2016. To make this happen, HR started an active campaign in 2015. The employees in question were informed, facilitated and held accountable, and their managers were involved and mentored. This approach proved to be successful. On 31 December 2015, 154 of the 185 front-office staff in question met the relevant criteria of the Dutch Financial Supervision Act. The other employees will follow suit in 2016.

Job classification system

a.s.r. took a step-by-step approach to implementing a new job classification system in 2015. The last business lines migrated to this new system at the end of December 2015. As a result, the old system of more than 1,000 individual job descriptions was transformed into a system with nine job families and 32 sub-families. The new system is simple and clear. The descriptions are aimed at the deliverables associated with the duties that come with a particular role. The new system enables comparison between roles and their demands and gives employees an insight into the career progression pathway within their own job family.

Recruitment & Selection

a.s.r. has a base of broadly employable and flexible employees because it encourages mobility and sustainability in the organization. It gives priority to internal candidates when filling vacancies. All vacancies are posted on the internal vacancy database before being advertized externally, for instance on the corporate website www.werkenbijasr.nl. The 'Mijn vacatures' (my vacancies) tool in the vacancy database allows employees to perform a pointed search of suitable vacancies. All vacancies that meet the search profile are automatically forwarded to the employee's mailbox.

People hired	2015	2014	2013	2012	2011
Internal candidates	123	116	146	170	187
External candidates	227	132	106	155	189
Total hired	**350**	**248**	**252**	**325**	**376**

werkenbijasr.nl

The job board www.werkenbijasr.nl was overhauled in 2015. The structure of the website is now based on target groups, the application process is more welcoming and greater use is being made of social media. All these adjustments are designed to improve the recruitment process and help a.s.r. to recruit top talents.

The new website also uses a new pre-selection tool by the name of a.s.r. Talent Pitch. This online assessment is used specifically for front-office roles. This tool helps to narrow down the selection and allows a.s.r. recruiters to identify people who have the right skills and qualifications for the job.

7.3.7 Pay and benefits

Changes to pay-and-benefits package

The following changes were made to the pay-and-benefits package in 2015:

- the pension scheme was modified in various respects on 1 January: the accrual rate was lowered from 1.90% to 1.875% and the retirement age was raised from 65 to 67;
- employees have no longer qualified for an interest rate rebate on mortgages since 1 January 2015; as of the same date, employees have been expected to pay for advisory services relating to mortgages and life insurance policies;
- an additional training budget of 1% of the wage-bill was set aside for sustainable employability.

Preference scan

In October-November 2015, the Works Council and HR joined hands in performing a survey of how employees rate their pay-and-benefits package: the preference scan. All employees received a personal invitation to take part in their scan and share which pay and benefits they rate highly and why. The survey not only addressed pay and benefits offered by a.s.r. at present, but also looked at benefits that a.s.r. might consider offering in the future. HR and the Works Council will use the outcome of the scan to evaluate the current pay-and-benefits package. The ultimate goal is to create a sustainable and future-proof pay-and-benefits package that meets the needs of the employee base.

New redundancy plan

Talks about a new redundancy plan were initiated between a.s.r. and the trade unions at the end of 2015, the reason being that the current redundancy plan was due to expire on 1 January 2016. In February 2016, a.s.r. and the trade unions negotiated a new redundancy plan. They agreed that the redundancy plan for 2015 would also be in effect for 2016; a new plan, in which job security has been defined as a priority, will be in force for 2017 and 2018. According to a.s.r. and the three unions (FNV, CNV and De Unie), the result achieved was a co-creation that is acceptable to everyone involved. The redundancy plan that will be in effect from 1 January 2016 to 31 December 2018 has been dubbed 'The Other Plan'. It centres around job security and encourages employees to take ownership of their own careers.

7.3.8 HR in 2016

Facilitating sustainable employability

a.s.r. will work to improve its employees' sustainable employability in 2016 as well. HR will do so by creating more awareness, intensifying its collaboration with the business, professionalizing counselling programmes and improving the course curriculum.

Leadership development

Social innovation refers to new ways of working in organizations such that a person's productivity at work and their quality of life is improved. This is also known as 'working smarter'. Given that culture, leadership and conduct make up 75% of social innovation, leadership development has been classified as a priority in the HR policy in 2016.

Contemporary pay-and-benefits package

HR and the Works Council will engage in a dialogue in 2016 to put together a contemporary pay-and-benefits package. Rather than discussing and negotiating each individual provision, HR and the Works Council will jointly consider the package as a whole and formulate sustainable and future-proof pay and benefits in a concerted effort. The outcome of the preference scan performed in 2015 will also serve as input for the composition of the pay-and-benefits package of the future.

7.3.9 Employee representation

The effective date of the new term of office of the Works Council and its subcommittees was 1 March 2015. With a team of experienced and less experienced employee representatives, the Works Council took on the challenge of creating an effective employee representation body within a.s.r.

The Works Council kicked off with an initial training in 2015, in which the mission of the Works Council was defined as follows: to create a balance between serving company interests and employee interests, and engender commitment and support for this mission within a.s.r. In its actions, the Works Council wants to proactively exercise influence on the interests of a.s.r. and serve its stakeholders as best as possible. That is why the mission comes with the following objective: connecting a.s.r.! This objective was then fleshed out into three core values for the Works Council:

- We are accessible
  Our support base is important. We are visible and accessible to colleagues. We are open to giving and receiving feedback. We work on the basis of trust and actively include colleagues in what we do.
- We are proactive
  We actively pursue information and knowledge from our support base and from outside a.s.r. We challenge each other to develop ideas. We offer the executive solicited and unsolicited advice based on our ideas.
- We form a useful counterweight
  We think in opportunities and solutions, are critical and think outside the box where needed.

2015 in review

It became apparent early in 2015 that a.s.r. had decided not to issue a binding bid for VIVAT. The Works Council, which was closely involved in this process, fully supported the conclusions that were eventually drawn. As a result of this decision the dual-track approach was back on the table.
On 28 January 2016 the Lower House of Dutch Parliament agreed with the governements plan to initiate the selling process for a.s.r. The Minister asked NLFI and a.s.r. to start preparing for an IPO, so that privatiziation will become an option from the first half of 2016.

The changes in the insurance sector and the labour market continued at full force in 2015. As in previous years, the Works Council and its various subcommittees were involved in a number of drastic decisions affecting many a.s.r. employees. They reflect the fact that the employee representation body is concerned with both the interests of the company and those of the employee base, no matter how difficult some decisions might be.
That said, a.s.r. is in good shape as an insurance company. It has an extremely robust financial position with a focus on offering customer service excellence. And although there is always room for improvements in customer service, a.s.r. is happy to say that she is actually in a position to deliver on its promises. Its financially sound position also allowed a.s.r. to acquire a number of companies in 2015. The employee representation body also had a say in these acquisition processes.

The employee representation bodies (i.e. the Works Council and/or its subcommittees) held various consultative meetings with executives in 2015. In addition, 11 scheduled meetings took place between the Executive Committee of the Works Council, the CEO, the HR Director and the Company Secretary. Ad hoc meetings are held when the situation so warrants. In addition, tripartite meetings between the Executive Committee of the Works Council the CEO, the HR Director and two members of the Supervisory Board take place two or three times a year. In 2015, the Work Council received 11 requests for a formal opinion.

Works Council in 2016

2016 may turn out to be a historic year now that a.s.r. is en route to a potential privatization. The Works Council supports of this course of action. Based on its role, the primary focus of the Works Council will be on the interests of the company, the employee base and relevant stakeholders, although it goes without saying that customer interests will be a key aspect as well. For this reason, the Works Council wants to see a.s.r. continue to shape its role as a socially relevant insurance company in its strategy.

The Works Council continually takes a critical view of the effectiveness of the employee representation body. The insurance market will continue to change. This means it is important for the members of the Works Council and its subcommittees to have the right knowledge and skills to serve as a true sparring partner to the executive. In addition, it is crucial that employee representation duties are organized as efficiently as possible (striking a proper balance between effort and deliverables). In the Works Council's previous term of office, a start was made on evaluating the current employee representation model. The Works Council will continue this process in 2016; it will decide to improve the model where possible.

7.4 Investor

a.s.r. formalized its Socially Responsible Investment (SRI) policy in 2007. Since then the policy has evolved over time to capture the progress of the market and changes in society. The a.s.r. SRI policy describes the ethical and sustainability criteria that are applied to all a.s.r. investments, covering internal investments in government bonds and corporates (through equities and corporate bonds), as well as externally managed portfolios. The full a.s.r. SRI policy has been posted on www.asrnl.com.

a.s.r. seeks to play a prominent role in sustainable business practices in the financial sector. As an insurance company, investor and employer and as a committed member of society, a.s.r. is always looking for the right balance between people, planet and profit. During 2015, a.s.r. took further steps to contribute to this objective. Within the broad a.s.r. social responsibility programme, a new governance body dedicated to responsible investment was appointed to address the increasing demands and ensure progress in a.s.r. SRI policy and implementation. Among other projects, a.s.r. will increase its efforts with regard to engagement, transparency and accountability.

The a.s.r. SRI policy has been integrated into the investment practice by way of:
7.4.1 Exclusion criteria for countries and companies
7.4.2 ESG integration for best-in-class investments
7.4.3 Engagement
7.4.4 Impact investments
7.4.5 Voting
7.4.6 External recognition

7.4.1 Exclusion criteria for countries and companies

a.s.r. pursues a strict exclusion policy based on controversial activities that is applied to the entire internally managed portfolio, for both countries and companies. Among others, this policy covers producers of controversial or offensive weapons, nuclear energy (if a company's revenues are for more than 50% coming from nuclear related activities), gambling and tobacco. a.s.r. also requires businesses to comply with international conventions on human rights and labour rights, and applies criteria relating to gender equality, freedom of union, exclusion of child labour, indigenous people's rights, etc.

By the end of 2015, 158 of the screened companies had been excluded due to their involvement in human rights violations (14), labour rights violations (11), arms (92), tobacco (14), gambling (22) and nuclear activities (5).

With regard to investments in sovereign debt, a.s.r. has excluded 72 countries that are poor performers in the annual report of Freedom in the World or achieved a low score on the Corruption Perceptions Index.

Screening process

Vigeo (www.vigeo.com/csr-rating-agency), an external and independent screening agency accredited by Arista, screens companies for their SRI policy. The Arista Standard sets guidelines and rules to assess evidence of transparency, quality, accountability and verifiability of the processes involved in responsible investing research. In addition, Forum Ethibel (www.forumethibel.org/content/home.html) carries out independent and external certification, including an audit of SRI principles in a.s.r.'s investment portfolio and the engagement process on a semi-annual basis.

7.4.2 ESG Integration for best-in-class investments

Best-in-class investing is part of the a.s.r. selection process of companies based on best practices and best products according to environmental, social and governance (ESG) criteria. We favour companies that excel in the area of ESG policy and implementation. They are classified as pioneering, best-in-class and sustainable companies using a relative, sector-based ranking for six domains of analysis: Human Resources, Environment, Market Ethics, Good Governance, Social Impact, and Human Rights.

a.s.r. invests more in companies that perform better on the ESG criteria within their respective sectors. This is why the a.s.r. investment portfolio has a more sustainable profile than the relevant investment benchmark. A detailed description of these criteria has been posted on the a.s.r. corporate website (www.asrnl.com).

7.4.3 Engagement

a.s.r. believes in engagement through constructive dialogue with the companies a.s.r. (potentially) invests in. The aim is to increase both shareholder value and social benefit in the long term. As (potential) owners, a.s.r. wants the companies it invests in to address ESG threats as well as opportunities.

For a.s.r., there are three types of engagement:

- Engagement for the purposes of monitoring
  In 2015, a.s.r. engaged in a dialogue with around 20 companies, i.e. mostly our largest holdings. These companies represent nearly 30% of the internally managed equities portfolio. During each company meeting, a.s.r. puts the corporate social responsibility policy of these businesses on the executive agenda and addresses potentially controversial activities. a.s.r. was also invited by a number of companies it invests in to elaborate on its views and requirements in the area of sustainability.
- Engagement for the purposes of influence
  A dialogue with a company identified in the a.s.r. ESG analysis as being involved in controversial activities is intended to encourage it to behave more sustainably. If this does not reach a positive conclusion, this will result in the exclusion of the company from the investment portfolio. a.s.r.'s engagement for the purposes of influence in 2015 resulted in the continuation of our relationship with ENI, with which a.s.r. is in the process of discussing its activities to resolve, compensate and prevent environmental and human rights breaches in Nigeria and Kazakhstan. In addition, a.s.r is undertaking a project to increase the engagement efforts for next year.
- Public engagement
  In 2015, a.s.r. participated in various industry initiatives to promote sustainability and sustainable investments within the sector. a.s.r. hosted two round tables together with the Dutch Association of Investors for Sustainable Development (VBDO) under the headlines of 'Impact investing & measurement' and 'Positioning sustainability'. a.s.r. also participated in a broad dialogue organized by the Social and Economic Council (SER) together with the Dutch Association of Insurers to discuss the suitability of an IMVO sector covenant and with the Dutch Central Bank to discuss the potential implications of a carbon bubble; a.s.r. also provided input for academic research and publications on various sustainability topics, such as natural capital, impact investing and engagement practices.

7.4.4 Impact investments

In the investment process, a.s.r. devotes special attention to impact investing. Impact investments are investments in companies, organizations and/or funds that are designed to generate a beneficial impact on society and the environment at an acceptable financial return. Through these investments, a.s.r. makes a sustainable contribution to society, for instance by processing or recycling waste, using renewable energy (solar and wind), reducing its environmental impact or energy consumption, and making a contribution to the circular economy. Examples of these investments include the Robeco Clean Tech Fund, the Glenmont Clean Energy Fund and the Life Science Partners Funds. In 2015, a.s.r. spent another € 10 million on impact investing via private equity exposure and invested € 13 million in private loans/bonds to support the Dutch SME market. The exposure to non-listed impact investments by the end of 2015 amounted to nearly € 44 million. a.s.r. also invests in listed vehicles, both in the equity and fixed-income portfolio, such as green bonds or listed equity funds, addressing specific environmental or societal needs.

7.4.5 Voting policy

The right to vote is an essential part of an effective corporate governance system. We exercised this right whenever relevant. a.s.r.'s voting policy (www.asrnl.com) has been developed in accordance with the Dutch Corporate Governance Code and a.s.r.'s SRI policy. This policy applies to all internally managed and exchange-traded equities. In 2015, this resulted in a.s.r. exercising its voting rights in nearly 81% of shareholder meetings held by equity investments.

The voting accountability report provides a semi-annual review of how a.s.r. exercised its voting rights at shareholder meetings. The full report for 2015 is also available from www.asrnl.com.

7.4.6 External recognition

a.s.r. seeks to play a prominent role in sustainable business practices in the financial sector. This objective has been confirmed by our rankings in various external surveys analysing the sustainability of the investment policy and implementation of the Dutch and international financial sector. For the fifth consecutive year, a.s.r. was ranked third in the annual survey conducted by the Dutch Association of Investors for Sustainable Development (VDBO) among 30 insurers in the Netherlands. This assessment includes policy, implementation, transparency of investments and governance (management and supervision of the investments).

In November 2015, the Fair Insurance Guide (FIG) published the fourth report on the sustainability policies of the Dutch insurance sector. The FIG is an initiative of Friends of the Earth Netherlands *(Milieudefensie)*, the Dutch Society for the Protection of Animals *(Dierenbescherming)*, PAX, Oxfam Novib, Amnesty International and the FNV trade union (www.eerlijkeverzekeringswijzer.nl). The Fair Insurance Guide has benchmarked life insurers for their policies in the area of sustainable investment since 2013. Of the ten largest life insurance companies in the Netherlands, a.s.r. is ranked first in the Fair Insurance Guide in terms of sustainable investment policy. a.s.r. scored a 10 out of 10 for its policies on weapons and bonuses. The Fair Insurance Guide awarded a.s.r. a score of 9 for its policies on human rights, health issues and the manufacturing industry. The aim of FIG is to encourage insurers to make their investment policy more sustainable and to optimize sustainability policy implementation. This has resulted in a number of helpful suggestions that a.s.r. has used to challenge stakeholders and to tweak its policy.

The implementation of the SRI policy is assessed by the FIG via specific case studies. In May 2015, the FIG published a study on controversial weapons, in which a.s.r. was referred to as one of the two positive exceptions within the Dutch insurance sector.

2015 was the first year in which a.s.r. was included in the report Don't Bank on the Bomb issued by PAX, which assesses financial institutions for their involvement with nuclear weapons. a.s.r. was immediately inducted into their Hall of Fame. A similar study was carried out in relation to cluster ammunition, for which a.s.r. was inducted into the Hall of Fame for the second year.

7.4.7 Real estate

a.s.r. Real Estate Investment Management (a.s.r. REIM)

a.s.r. REIM invests for its clients in retail properties, residential units, offices, agricultural land and country estates.

Making real estate more sustainable

a.s.r. REIM seeks to make the assets in its portfolio ever more sustainable, in terms of both energy efficiency and ecological impact. Wherever possible, a.s.r. strives to achieve this at residential and commercial properties at a natural time, i.e. when major repairs are scheduled and when it is financially expedient. Within the portfolios green solutions are used as far as possible, such as LED lighting, high-efficiency boilers, water-saving plumbing and sedum roofs. Staff always try to ensure that sustainable materials are used and are extra alert to the risks of asbestos and soil contamination.

Residential properties

All residential properties of the ASR Dutch Core Residential Fund (ASR DCRF) have received energy efficiency ratings; their average energy performance coefficient is 1.6 (energy efficiency rating C). Improvements were made in 2015 with the renovation of a residential complex in Rosmalen (from F to B) and the addition of a large number of new residences with energy efficiency rating A. In addition, the Futura apartment complex in Zoetermeer is the first residential building in the Netherlands that has been awarded the BREEAM 'Very Good' rating.

Rural real estate

Investments in rural real estate continued to grow in 2015 thanks to a portfolio expansion by 920 hectares to a total of 34,000 hectares and value appreciation. The value of the assets is € 1.117 billion, i.e. 40% of the investment property managed by a.s.r. REIM. Over the past 125 years, a.s.r. has built up a portfolio of more than 34,000 hectares, making it the largest private owner of agricultural land in the Netherlands. Rural real estate is a sound investment for a.s.r. REIM and the quality of the portfolio is reflected in stable returns, positive developments in value and low risk.

The portfolio is made up of leased and leasehold agricultural land, country estates and wooded areas spread across the Netherlands. The expansion in surface area is the result of the increasing interest among agricultural business owners in alternative land financing, in which process a.s.r. REIM owns the land and leases it to them on a long-term basis. They use the land to produce soil-bound food and green resources.

a.s.r. REIM's forestry management complies with the principles of sustainable forestry, diversifying between wood production, nature and landscape conservation, and recreation. a.s.r. REIM's country estates and wooded areas have been opened up to the public.

a.s.r. REIM endorses and manages its forest land and natural areas in accordance with the codes of conduct for nature and forestry management. These codes are written by Bosschap, the product board of land and nature owners in the Netherlands, in partnership with Federatie Particulier Grondbezit, the federation of private land owners, SBNL, an organization for private and agricultural nature management, the Society for the Preservation of Nature in the Netherlands, 12 Landschappen, an organization for landscape management, and others.

In control

a.s.r. REIM's risk management is based on two key principles. The Risk Management function has been created and is carried out in accordance with the AIFMD authorization. The AFM granted a.s.r. REIM AIFMD authorization early in 2015. a.s.r. also attaches great value to the Dutch Code of Conduct for Insurers, which was implemented in January 2011. This code sets out the conditions to be satisfied by risk management, including control by Audit (third line of defence) based on the three lines-of-defence model.

Sustainability priorities

a.s.r. REIM interprets the sustainability priorities identified by a.s.r. (insurance, people, investment, planet and society) as follows:

Insurance

- **Tenant satisfaction rating of at least 7 (out of 10)**
  a.s.r. REIM periodically conducts a satisfaction survey among tenants and lessees to measure how they feel about a.s.r.'s service provision, the properties themselves and the living and working environment. The outcomes of the survey are discussed internally and with any external stakeholders and translated into an action plan. In doing so, the focus lies on aspects where there is room for improvement. The status of these measures is monitored periodically. The most recent surveys show that the customer satisfaction ratings are as follows: residential tenants: 7.1; office tenants: 7.2; retail tenants: 7.3; (land) lessees: 7.5.

People
a.s.r. REIM periodically measures the satisfaction of the employees by reference to such factors as credibility, respect, honesty, pride and fellowship. At 80%, the aim for 2015 to achieve a satisfaction rating of 75% was amply met. As part of knowledge and education, a master class with a different sustainability theme is taught every year. The technical staff is in any event offered a periodic course on how to increase the sustainability of property.

Planet
a.s.r. REIM tries to ensure that the goods and services it procures and insources are as sustainable as possible. Since 2011, the shared spaces in the buildings in portfolio have been powered with green energy, which has substantially reduced carbon emissions. Energy consumption is closely monitored and suggestions for reducing the use of energy are welcomed. A key aim for 2016 and beyond is to review whether greater savings can be achieved on waste and water consumption. All waste that a.s.r. REIM collects for its tenants is processed in a carbon-neutral manner.

Investments
The Global Real Estate Survey Benchmark (GRESB) is a benchmark that looks at the sustainability performance of more than 700 institutional investment funds worldwide. a.s.r. REIM's goal is to improve the transparency and awareness of sustainability by taking part in the GRESB every year.

In 2015, the ASR Dutch Core Residential Fund (DCRF) was awarded the Green Star, the highest ranking in this benchmark. The ASR Dutch Prime Retail Fund (DPRF) and the ASR Property Fund (ASR PF) were promoted from Green Starter to Green Talker. The ambition is to achieve and retain Green Star status for all three funds.

GRESB Green Star 2015

Society
a.s.r. REIM is involved in the districts and neighbourhoods where its property is located, for instance by reserving a budget for investments in areas surrounding the properties acquired in 2015, e.g. in playgrounds. Neighbourhoods are actively involved in how this budget is used. In addition, many of a.s.r. REIM's country estates and nature conservation areas have been opened up to the public for sport and recreation purposes.

a.s.r. REIM participates in two institutions for general public advancement (foundations): Stichting Ambachtsheerlijkheid Cromstrijen and Stichting Kasteel Bleijenbeek. Both institutions aim to protect and manage the natural and scenic value and the cultural and social heritage of the estate in the broadest sense of the words for future generations to enjoy.

7.5 Planet

a.s.r. seeks to minimize its impact on nature and the environment. One aspect of this is the efficient use of resources, energy and water. Furthermore, a.s.r. is actively getting to grips with waste management, mobility, energy reduction and carbon emissions, and for this purpose has developed a special-purpose environmental management system.

See chapter 7.4.7 for the specific environmental and sustainability initiatives undertaken by the real estate business.

Environmental performance

Carbon emissions Category (%)[1]	2015	2014	2013	2012	2011
Fuel and heat	4.59	9.69	14.14	15.19	13.01
Electricity[2]	-	-	-	-	-
Cooling	0.78	0.76	0.54	0.52	0.47
Business travel	32.98	33.75	35.04	41.20	40.62
Commuting	59.97	53.14	48.64	40.30	44.15
Waste	1.69	2.67	1.64	2.79	1.76
Total	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

1 March 2016: The emission factors have been aligned to the most recent scientific insights. The carbon footprint for 2015 and the footprint for previous years have been redefined based on recent insights.
2 In 2015, electricity was offset based on Norwegian hydropower, using emission factor zero.

The results of the carbon footprint in 2015 of the Archimedeslaan office in Utrecht are equivalent to 7,000.36 tonnes of carbon dioxide in total. Of this amount, 32.98% involved business travel and 59.97% commuter travel. In 2014, the carbon footprint was equivalent to 7,805.32 tonnes of carbon dioxide (33.75% business travel and 53.14% commuter travel). The total reduction of 10.31% was mainly attributable to:

1. a significant drop in natural gas consumption (i.e. carbon emissions) as a result of the renovation.
2. a considerable fall in emissions thanks to mobility initiatives (mainly relating to business travel) due chiefly to lower fuel consumption by cars, which produced fewer carbon emissions as a result.

7.5.1 Housing

a.s.r. is continuously working to improve the efficiency of its organization. To improve customer service and keep costs under control, the Executive Board has decided to concentrate the activities in a single location. As a result, the offices at Stadsring 15 (Amersfoort) and Pythagoraslaan 2 (Utrecht) were closed in 2015.

The offices of Europeesche Verzekeringen at Hoogoorddreef 56A (Amsterdam) will close in April 2016. The operations will be moved to Utrecht.

7.5.2 Energy

Thermal energy storage

To conserve energy in the Utrecht head office, a.s.r. uses Long-Term Energy Storage (Dutch acronym: LTEO). The advantages of this system are that it is energy-efficient, comes with low energy costs, is extremely environmentally friendly, has a long service life and is reliable (because of a small number of moving parts).

Geothermal energy

It is being explored whether geothermal energy/electricity can be used to heat or cool the office buildings and to make them virtually carbon-neutral in the process. In 2014, a.s.r. started to investigate this in collaboration with Utrecht University; this investigation continued on into 2015. After this investigation has been completed, the final decision will be fleshed out. Based on the provisional outcomes, a.s.r. decided in 2015 to develop a business case. It will be decided in 2016 whether or not to continue with this project.

Green sports

The a.s.r. gym in Utrecht was outfitted with Artis Renew equipment in September 2015. This Technogym equipment is used to generate energy during people's work-outs, which is then reused. The a.s.r. gym is one of the first green sports locations in the world.

Renovation of head office

The a.s.r. building at Archimedeslaan 10 in Utrecht underwent a sustainable renovation between 2013 and 2015. The new building has been fully adapted to The New World of Work and meets a.s.r.'s strictest sustainability requirements. It is cost-efficient and – after completion – will consume 50% less energy. As a result, its energy efficiency rating will improve from G to A.

The design of the renovated building at Archimedeslaan was awarded the BREEAM 'Excellent' certificate. a.s.r. also seeks to be awarded the BREEAM 'Excellent' certificate for the building itself, with energy efficiency rating A. After the completion of the renovation in 2015, certification will follow early in 2016.

Facts and figures:

Waste
- The demolition of the building produced 23,000 tonnes of rubble, most of which (98%) was reused.
- The building waste was separated into no fewer than nine different categories. Material that could be reused went straight back into the renovated part of the building.

Recycling
- All the thousands of desk chairs were given a second lease of life, with the seats and fabric covering being replaced in a factory working entirely according to the cradle-to-cradle principle. The old foam from the seats was used in insulation panels, while the fabric was donated to a manufacturer of horse blankets and to schools.
- The building has 42,000 square metres of carpeting, some of which is made from recycled materials and is 100% recyclable. The old carpet was recycled as well: the pile was reused, while the backing was used as a raw material in road construction and roofing.
- Garden and green waste is processed in a.s.r.'s own environmentally friendly composting station to create a soil improver for gardens. Composting waste on the premises saves on costs for transport to and from the waste-processing facility, and reduces energy consumption and carbon emissions.

Green areas
- The office garden borders on the Ecological Network of the province of Utrecht and provides a habitat for several species of fauna, including bats, hedgehogs, salamanders, insects, storks and grass snakes.
- a.s.r. has deliberately chosen to create a habitat for bees in its garden. The bee-keepers engage in organic bee-keeping and the garden has bee-friendly plants.
- Part of the outer wall on the first floor will be covered in greenery. The plants will capture small dust particles and carbon dioxide, purifying the air in the process.
- Nesting boxes will be incorporated into this green wall section for swifts and sparrows.
- The climate facade measures a total of 17,000 square metres.
- There are wooden tables dotted around the office, made from timber from our own estate, Landgoed De Utrecht. The tables were put together in a sheltered work facility run by Reinaerde, one of a.s.r.'s social partners.

So far, the renovation has resulted in a clear reduction in energy consumption.
- Electricity: consumption in 2015 was 8,554,298 kWh compared with 10,391,564 kWh in 2014, a reduction of around 17.7%[1].
- Natural gas: consumption in 2015 was 357,930 m³ versus 604,256 m³ in 2014, a reduction of around 40.8%[1].

Energy in 2015

a.s.r.'s key measure for achieving a 30% reduction in energy consumption in accordance with the MYA3 covenant (see chapter 7.7) is to concentrate its operations in a single building. Another measure was the fitting of 592 of the envisaged 1,184 solar panels. The remaining panels will be installed in 2016. In 2016, a.s.r. will formulate new targets in this area. It also has the ambition to improve the effectiveness of all installations in the renovated building in 2016.

7.5.3 Waste

One of a.s.r.'s priorities is to reduce and recycle waste volumes as much as possible. a.s.r. achieved a 20.5% reduction in carbon emissions in 2015 against 2014. a.s.r.'s waste is processed by Sita, a waste-processing company. Sita has calculated that a.s.r. recycles 37% of its waste. Total volume of waste in 2015: 371,600 kg. For a breakdown of waste flows, see page 291.

Recycling

a.s.r. uses more than 3.5 million coffee cups per year. At year-end 2015, a.s.r. replaced its plastic coffee cups by moving to the more sustainable cup2paper concept. These cardboard cups are easier to reuse than plastic cups because they allow a person's name and 'order' to be written on the cup. These cups are also fully recyclable and 100% carbon-neutral. The concept also encompasses the collection and recycling process after use. In addition to being environmentally friendly, the use and reuse of

1 The fall in energy and natural gas consumption was also caused by the shut-down of part of the building because of the renovation, but includes consumption during the building works of 6,666 m³ of natural gas and 312,272 kWh of electricity.

the cardboard cups results in cost savings, since fewer cups are used and waste-processing is less time-consuming.

7.5.4 Mobility policy

a.s.r. has in place an active mobility policy that aims to improve the accessibility of buildings and reduce carbon emissions. In many areas, a.s.r. is making efforts to improve the sustainability of the commuter and business travel of its employees.

To illustrate, the choice of lease car has been limited to cars with a maximum emission of 104 g/km and a mobility budget has been introduced as an alternative to a lease car. In addition, HR, Business Support and Procurement completed the review of options for making the current lease policy more sustainable. This review produced a list of measures that will be fleshed out further in 2016. The carpool scheme is regularly brought to the employees' attention and staff working in the Utrecht office are not permitted to park in the office car park if they live within 12 kilometres' cycling distance. a.s.r. also facilitated the purchase of an economical bus pass in 2015. There are also a number of other schemes to encourage bicycle use, including the Rijnsweerd bike hire scheme, an a.s.r. e-bike with charging points in the bike shed, changing rooms, showers and lockers, and a mobile bicycle repairman.

The commuter mileage to Archimedeslaan (Utrecht) totalled 25,487,491 kilometres in 2015 compared with 25,187,235 kilometres in 2014. This is a 1.19% increase. The number of kilometres clocked up in air travel fell by about 3.94% in 2015 (676,388) compared to the figure for 2014 (704,106).

Other initiatives to encourage mobility in 2015 included:
- 14 new charging stations for electric cars, bringing the total to 43 charging stations;
- Extra charging points for e-bikes in the bike shed.

Plans for 2016

In 2016, another 19 charging stations for electric cars will be installed and at least two initiatives will be undertaken to encourage the use of regular and electric bikes and electric cars.

7.5.5 Procurement

In its purchasing process, a.s.r. makes allowance for the impact on society. This impact can be of a social, environmental or economic nature. The implementation of the socially responsible procurement policy focuses on the following aspects:
- a.s.r. informs suppliers in advance that environmental and social weighting factors form part of the selection process;
- a.s.r. has adopted a set of environmental and social criteria that are used (these are category-specific);
- a.s.r. challenges its suppliers to come up with alternatives that constitute a better match for today's environmental and social criteria;
- a.s.r. considers it important for international human rights to be observed throughout the production process of the goods and services it purchases. a.s.r. assesses whether its main suppliers respect human rights and what action is or has been taken to ensure that they do.

Supply chain

a.s.r. has a total of 2,300 suppliers and the number of suppliers in the supply chain is estimated at 5,000. About 90% of these suppliers are located in the Netherlands. The other (no more than) 10% of these suppliers are EU or US-based. The key activities that are outsourced are IT&C and Facility Services-related products and services, including different BPO activities (where an entire process is outsourced) or consulting services. The estimated value of payments to suppliers by a.s.r. Group Procurement was € 287 million, excluding the primary costs of surveyors, crash repair companies and benefits paid by the a.s.r. product lines, such as occupational disability, P&C and pensions.

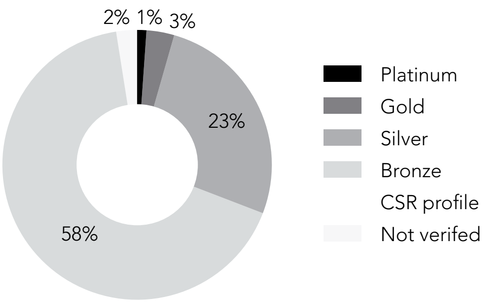
FIRA sustainability platform

When a.s.r. invites tenders, it evaluates whether potential suppliers have subscribed to sustainability initiatives. If they have not, they are expected to register with FIRA once they have been selected. 89 suppliers of the top 250 of suppliers have now registered with FIRA. a.s.r. engaged 703 new suppliers in 2015. Of these, 69 suppliers have been screened (10%).

a.s.r. started to encourage its key suppliers to pursue verification in 2014. About one-third of its suppliers have now registered with FIRA. a.s.r. motivates these suppliers to aspire to the 'Bronze' level and to increase their impact on society even more. a.s.r. is still in dialogue with a number of other suppliers. Six others have said that they do not want to be registered in the FIRA database. They will be notified that this will be an issue during the next contract negotiations.

Together with Rabobank Nederland, ABN AMRO and a number of other large players, a.s.r. has launched an initiative to join hands to be able to increase its influence on suppliers that are unwilling to register in the FIRA database. As part of this, a.s.r. has posted a FIRA statement on its website.

All new suppliers that were selected by Procurement have agreed to register with FIRA. Alternatively, they should be able to demonstrate that they have in place a sound environmental policy, for instance by having been awarded a quality mark for sustainable crash repairs. The suppliers have verified their policy and they must have achieved Bronze level within one year of having registered. In June 2015, FIRA awarded a.s.r. the 'Silver' level.



Number of suppliers: 86

Supplier code of conduct
a.s.r. is committed to respecting human rights. Within its sphere of influence, a.s.r. seeks to support the protection of internationally recognized human rights. a.s.r. also attempts to ascertain that it does not become an accessory to any infringements of these rights. a.s.r. demands from its (potential) suppliers that they proactively care for the environment and that they endorse a.s.r.'s position on the environment, human rights and human dignity. With this in mind, any (potential) supplier will notify a.s.r. immediately of any signs that their organization or their (potential) suppliers do not observe the a.s.r. supplier code of conduct.

7.5.6 a.s.r. Real Estate Development (a.s.r. RED)

a.s.r. RED feels a responsibility to society to create a pleasant living environment for people. It achieves this not only by developing sustainable properties, but also by compensating for built-up areas by creating new green spaces (through the 'Land for Land' programme) and supporting local community initiatives in the towns and areas where it operates.

The ambition of a.s.r. RED is to be at the vanguard of sustainability, which is why it is represented in the Sustainability Committee of NEPROM, the association of Dutch property developers, and is a co-founder of/participant in the Dutch Green Building Council (DGBC).

Sustainability label

Sustainability is essential given that a.s.r. RED's developments are meant to last for many generations. All developments are awarded a sustainability label in principle, which can be GPR (a municipal practice guideline) or BREEAM, depending on the development.

BREEAM

a.s.r. RED has embraced BREEAM, the internationally recognized sustainability standard. The BREEAM certificate considers the level of energy savings and focuses on elements such as use of materials, health issues and location, particularly for commercial real estate. A number of a.s.r. REIM employees were trained as BREEAM-NL experts and assessors, so that a.s.r. RED now has Licensed Assessor Company status. Various developments in progress and completed developments were awarded the BREEAM certificate in 2015.

GPR

a.s.r. RED uses the GPR label (municipal practice guideline for residential buildings) for residential developments. Apart from energy efficiency, the GPR label also addresses environmental impact, health issues in the home and ergonomics. One example is the Het Pakhuis development. In 2015, a.s.r. RED completed climate-neutral residential units in Het Pakhuis in Amsterdam. a.s.r. RED received both a municipal and a European subsidy for this development.

Land for Land

Land for Land is an initiative that ties in with a.s.r.'s mission to make urban living an even better experience for people. The Land for Land programme is designed to compensate for every square metre of brick and mortar by creating a square metre of green space. Under the Land for Land programme, a.s.r. RED reserved an amount in 2015, based on achieved development output, for the expansion and bolstering of nature conservation areas (Utrechts Landschap).

7.6 Society

In addition to sustainable business practices, to a.s.r., social responsibility also involves investing in a broad range of community initiatives, by giving a financial impulse, by encouraging employees to volunteer and by way of various foundations and funds. One way in which a.s.r. gives practical application to its motto 'helping by taking action' is through the a.s.r. Foundation.

7.6.1 a.s.r. Foundation

a.s.r. Foundation plays an important role in sharing knowledge and raising enthusiasm and in making it possible for colleagues to increase their social responsibility. Increasing financial self-reliance in the Netherlands is one of a.s.r. Foundation's key priorities.

Objectives

The objectives of a.s.r. Foundation are:
- To encourage financial self-reliance and awareness by developing activities in collaboration with various public interest groups;
- To actively contribute to projects stemming from the social partnerships of a.s.r. Foundation, for instance with Feyenoord football club;
- To encourage a.s.r. employees to take part in community initiatives, both during and outside working hours. The *Stimulansplan* incentive plan has been created to facilitate employees' volunteering activities in their spare time.

Activities

The a.s.r. Foundation's activities can be broken down into three main groups:
- **Social teambuilding**
  This involves departments raising money for charity. The focus lies on organizations that truly need a helping hand.
- **Stimulansplan incentive plan**
  To encourage volunteering in a private setting, employees can apply for an individual incentive once a year. No financial donations are made if an application involves sponsorship only.
- **Projects**
  The a.s.r. Foundation initiated and funded various projects throughout the year; these projects were carried out with the help of a.s.r. employees.

  Projects undertaken in 2015 include:
  Knowledge-sharing to increase financial self-reliance
  - *Money Week*
    As a member of the Dutch Association of Insurers and the Dutch Banking Association, a.s.r. actively partakes in Money Week with the goal of teaching primary school children to become financially literate. In 2015, during the fifth annual Money Week, 63 a.s.r. employees from all walks of the organization, including members of the Executive Board and senior management, taught guest classes to various ages of primary school children. Within the context of Money Week, separate classes were also taught in 2015 to the Feyenoord Street League. The goal for 2016 is to have at least 75 colleagues teach classes during Money Week.
  - *LEF (Life & Finance)*
    This is an innovative platform for the financial education of youngsters between the ages of 15 and 22. LEF helps them to understand their financial situation and teaches them what they need to do to make a wish come true or reach a goal. It also tells them about potential pitfalls and challenges. LEF focuses primarily on the 500,000 young people who attend junior college. LEF is supported by a great many financial institutions, including a.s.r. The initiative is driven by enthusiastic financial advisors who are keen to share their experience and professional practice in the classroom. The goal is to have each student take at least one LEF course, which consists of four 1.5-hour classes. LEF can already count on broad support in the financial sector, but more guest teachers from the financial world are needed.
    In 2015, 23 colleagues were trained to teach guest classes. As a result, the goal that was defined in 2014, i.e. to have 20 guest teachers in our ranks, has been achieved. The aim for 2016 is that the guest teachers teach at least one class consisting of four sessions.
  - *Financial Volunteer at Home*
    In 2015, the Financial Volunteer at Home project was kicked off in combination with local home or accounting assistance initiatives. In this context, a.s.r. employees help low-income earners in financial difficulties to organize their finances and accounts until they have found their financial bearings. In total, 15 colleagues, including Chris Figee, Executive Board member, have taken on the role of Financial Volunteer at Home. Two colleagues provide other home accounting services within the scope of local projects. The goal for 2016 is to recruit colleagues for 12 new Financial Volunteer at Home projects.
  - *Reading proficiency activities*
    The a.s.r. Foundation has set up a number of activities that involve employees reading to pupils, for instance in primary schools or day-care centres. On 21 January 2015, National Reading Breakfast Day, 16 colleagues read to primary school children. a.s.r. offered them a healthy breakfast while they were being read to. In partnership with Feyenoord football club, a.s.r. put together a reading

book that was presented during a breakfast session put on by a.s.r. for 140 primary school children from Rotterdam-Zuid. The goal for 2016 is to have at least 20 colleagues take part in the national Reading Breakfast Day.

Results achieved in 2015

In 2015, 1,004 employees contributed to one of the activities undertaken by the a.s.r. Foundation. This is about the same number as in 2015. The *Stimulansplan* incentive plan was used by 41 employees. This plan allows employees to request a financial contribution for any volunteer work they do outside a.s.r. Within this context, support was given to *Stichting de Tussenvoorziening*, a support network for the underprivileged, and language-teaching foundation *Taal doet meer*, among other causes.

In 2015, more than 21 teams, varying in size, combined a team-building exercise with giving back to the community. They donated their time and got to work for all manner of organizations, including Sherpa, a care institution, Intermezzo Zonnehuizen, a youth care facility, the Dutch Society for the Prevention of Cruelty to Animals and various care farms. There were also projects that employees could sign up to individually. Bicycle enthusiasts were given the opportunity to take part in the Grand Départ, a ride in preparation for the Tour de France organized by the Province of Utrecht. Other charities that were supported in this context were Wilhelmina Children's Hospital and the Youth Sport Fund.

7.6.2 Foundations and funds

a.s.r. is committed to conserving cultural and social heritage, which is why it is involved in a number of nation-wide and local foundations. The local ties mostly stem from the past presence of an a.s.r. division in a city or town:

- De Amersfoortse social and cultural fund
  For years now, De Amersfoortse has had a social and cultural fund by the name of A Fund. The objective of this foundation is to promote social and cultural activities in general and in the greater Amersfoort area in particular.
- Stichting Kunst & Historisch Bezit
  The objective of Stichting Kunst & Historisch Bezit, a foundation for art and historical artefacts, is two-fold: to conserve a.s.r.'s rich corporate history and to provide access to the art collection for employees so as to create an inspiring work environment.
- Stichting Stad Rotterdam anno 1720
  Stichting Stad Rotterdam anno 1720 is a foundation that supports projects in the greater Rotterdam area in the fields of education, social and cultural learning, or care.
- Stichting Woudsend anno 1816
  Stichting Woudsend anno 1816 is a foundation that makes donations to non-profit organizations and institutions undertaking social projects in the areas of care and well-being, nature and the environment, and art and culture.
- Stichting Ambachtsheerlijkheid Cromstrijen
  Ambachtsheerlijkheid Cromstrijen is a country estate in the Province of Zuid-Holland that dates back to 1492. The foundation's mission is to preserve the cultural and social heritage of the estate, for instance through a unique set of archives.
- Stichting Carel Nengerman Fonds
  Carel Nengerman Fonds is a fund focusing on the Province and city of Utrecht. The fund supports cultural and nature-related projects in the local area.

7.6.3 Helping by taking action

Under this motto, the a.s.r. Foundation undertook activities that allow employees to actively contribute to the community. Within this context, employees took part in sports events, not only as athletes, but also as organizers and volunteers. These events are often linked to a charity, such as taking part in city runs or organized bicycle rides. Where possible, a.s.r. also supports commendable initiatives or develops its own projects to help individuals or groups of people. Examples include:

- Doorgaan.nl
  This platform, which was launched by De Amersfoortse in 2014, invested € 820,000 in 20 successful projects in its first year. In 2015, 60 projects were ultimately initiated, 33 of which were funded. This year, the website attracted more than 355,000 unique visitors and 4,957 investors came forward. Since the start of Doorgaan, nearly € 1.8 million raised from crowd funding and by De Amersfoortse has been invested in businesses. The Doorgaan.nl website attracts an average of 7,000 visitors per week and more than one million people visited the platform; the Facebook page has been liked more than 13,000 time and the crowd funding videos have been viewed on Facebook over 10 million times.
- De Andere Tour
  a.s.r. bicycle event De Andere Tour (The Other Tour) was a summer event for the over-60s; the event was organized by Marketing and the pension business during the Tour de France. During The Other Tour, the 42-strong a.s.r. bicycle team completed all 21 stages of the Tour de France on a single tandem bicycle. The team rode the same stages as the professional cyclists, only a day earlier. They too started in Utrecht, climbed the Alpe d'Huez and sprinted towards the finish line on the Champs-Elysées. The team was in the capable hands of Thomas Dekker, a former professional cyclist.
- De Hartstocht
  It has now become something of a tradition that at the end of each year Ditzo gives part of its marketing and TV budget for health insurance to a campaign to improve medical care. This year, Ditzo decided to fight cardiovascular disease, the leading cause of death in women. A blue velvet toy heart was sent on a trip around the Netherlands to cover as many kilometres as possible and raise funds for research into this fatal disease in women. In total, the campaign raised € 307,650, which was donated to the Cardiovascular Centre of the Utrecht University Hospital.

- **Zorgmee**
  The Ditzo Zorgmee (Care Too) campaign, which was started in the health insurance switching season of 2014, supported nine healthcare initiatives in 2015, contributing a total amount of € 410,000. Through this campaign, Ditzo wants to make a structural contribution to improving healthcare in the Netherlands. Everyone was invited to contribute to the campaign, both customers and non-customers. Besides starting a debate on healthcare in the Netherlands, Ditzo wants to raise funds for concrete healthcare initiatives. The overarching idea was that we should not only take care of ourselves, but also look after others. Ditzo doubled every donation made.

  The funds raised in 2015 were used to buy a passenger van for the National Fund for the Elderly, to launch the 'sport as a drug' project and to open a music studio for children in Almere. Most of the donations, i.e. 60%, went towards projects for the elderly. 23% was donated to causes for young people and 17% to families.

  The campaign was continued throughout 2015. This year, Ditzo showed how the money was spent and how the projects contributed to the Dutch healthcare system. Ditzo wants to keep the debate on healthcare alive, even outside the health insurance switching season. For the results of the Zorgmee campaign, please visit: www.ditzo.nl/zorgmee.

7.7 Standards, covenants and memberships

a.s.r. has undertaken a public commitment to act as a responsible insurer and investor. In evidence of this, it has signed the following national and international standards and covenants:

- United Nations Environment Programme Finance Initiative (UNEP FI)
  This covenant was signed by a.s.r. in August 2013. This is a public-private partnership between UNEP and the financial sector. The goal is to promote the integration of sustainability principles at all operational levels of financial institutions. This is achieved by integrating environmental, social and governance factors into an institution's risk assessment procedures (www.unepfi.org).
- UN Global Compact (UNGC)
  a.s.r. signed the United Nations Global Compact in 2011. By signing the UNGC, a.s.r. has undertaken to embrace, support and implement within its sphere of influence these principles relating to human rights, labour standards, the environment and the fight against corruption. For a status report on 2015, please visit www.asrnl.com and www.unglobalcompact.org.
- Call to Action: Anti-Corruption and the Global Development Agenda
  As part of the UN Global Compact, a.s.r. signed the Call to Action: Anti-Corruption and the Global Development Agenda in 2014 (www.unglobalcompact.org). Through this initiative, the private sector calls upon governments to promote anti-corruption measures and to implement good governance practices.
- Paris Pledge for Action
  a.s.r. signed the Paris Pledge for Action on 11 December 2015. In it, the signatories express their firm support for the new climate agreement that was signed during the Paris COP21. The Paris Pledge for Action is an initiative of the French presidency of the COP21, which calls upon all organizations, enterprises, regions, cities and investors to subscribe to the Paris Pledge for Action. Through this pledge, the organizations, including a.s.r., confirm their commitment to a safe and stable climate, in which the increase in temperature is limited to well below 2 degrees Centigrade (www.parispledgeforaction.org).
- UN Principles for Sustainable Insurance (PSI)
  a.s.r. signed the PSI of the UNEP FI in August 2013. By adhering to these principles, a.s.r. demonstrates its belief in the need to integrate sustainability into its insurance operations. The objective of these principles is to reduce sustainability risks, develop innovative solutions and improve the operating performance of businesses in terms of social, economic and environmental aspects. Globally, 85 insurance companies have signed these principles (benchmark date: July 2015). The report is posted on: www.unepfi.org.
- UN Principles for Responsible Investment (PRI)
  a.s.r. signed the UN PRI in 2011. The 1,400 companies worldwide that endorse these principles together manage investments worth € 59 trillion. By applying the six UN principles for responsible investment, a.s.r. contributes to the development of a more sustainable financial system. a.s.r. gives a status update on its progress in meeting the Principles for Responsible Investment every year. This report is posted on www.unpri.org.
- Multi-Year Energy Efficiency Agreement (MYA3)
  In 2008, a.s.r. signed the government's third multi-year energy efficiency agreement (MYA3), in which it was agreed that organizations would commit to the ambition to reduce their energy consumption by 2% every year, ultimately culminating in a 30% improvement by 2020 from benchmark year 2005.
- Dutch Manifesto for Socially Responsible Purchasing and Business Practices (MVOI)
  In 2012, a.s.r. undertook to observe the Manifesto for Socially Responsible Purchasing and Business Practices (MVIO), an initiative by large businesses in the Netherlands supported by NEVI, the Dutch Association for Purchasing Management (www.nevi.nl/mvi).
- Circular Procurement Green Deal
  a.s.r. has participated in the Circular Procurement Green Deal since November 2013. The essence of circular procurement is that a procurement officer ascertains that a producer (or another processing party) manages to reuse products or materials in a new cycle when they have reached the end of their useful life.
- Circle Economy
  a.s.r. has been a member of Circle Economy since July 2013; Circle Economy is a cooperative that joins forces with its corporate and public members to create a circular economy. With this membership, a.s.r. has undertaken to initiate at least one circular project per year and share the results with the network.

Guidelines and memberships

- **FIRA sustainability platform**
  a.s.r. has been a member of the FIRA Platform since 2013. FIRA connects organizations with sustainable business practices to potential sustainable suppliers. Suppliers post their sustainability performance on the platform, allowing procurement officers to choose the most suitable supplier.
- **Dutch Sustainable Investment Code**
  a.s.r. abides by the Sustainable Investment Code of the Dutch Association of Insurers, which came into effect on 1 January 2012. The Code stipulates that the investment policies of members of the Association must take account of environmental, social and corporate governance (ESG) aspects at the entities in which they invest.
- **ISAE 3402 and ISAE 3000 type II assurance certification**
  To demonstrate that a.s.r. is in control of its processes, Financial Markets is ISAE 3402-certified. An independent auditor performed an audit of the processes of this department and issued an ISAE 3402 type II assurance certificate. This quality mark is a key indicator that a.s.r. has full and adequate insight into the processes involved in investments, including execution and controls. The Financial Markets department has been awarded ISAE 3402 type II certification every year since 2010. a.s.r. REIM has been awarded ISAE 3000 Type II certification for its three funds, i.e. the ASR DPRF (retail fund), the ASR DCRF (residential fund) and the ASR Property Fund.
- **Dutch Association of Institutional Property Investors (IVBN)**
  This organization looks after the shared interests of large pension funds, insurance companies, asset managers and property funds (whether listed or not).
- **Dutch Association of Investors for Sustainable Development (VBDO)**
  a.s.r. has been a member of the Dutch Association of Investors for Sustainable Development since 2009. This Association promotes awareness among investors of their contribution to sustainability, for instance by conducting different types of benchmark surveys. a.s.r. is included in the benchmark for responsible investments by insurance companies in the Netherlands.
- **European Association for Investors in Non-Listed Real Estate Vehicles (INREV)**
  INREV is an umbrella organization that seeks to create more transparency, accessibility and professionalism, and share best practices.
- **MVO Nederland, the Dutch national sustainability expertise centre**
  MVO Nederland wants to inspire, connect and accelerate organizations on their way towards climate-neutral, circular and inclusive business models with robust and stable earnings to contribute to a sustainable and fair world. It does so by bringing together governments, institutes of knowledge, NGOs and trade unions, focusing on issues such as the climate, energy, commodities, materials, waste, the working population and empowerment.
- **Fair Insurance Guide**
  The Fair Insurance Guide is a joint initiative of Amnesty International, the Dutch Society for the Protection of Animals, the FNV trade union, Friends of the Earth Netherlands, Oxfam Novib and PAX. The surveys are carried out by the research and advisory agency Profundo. Each year, a benchmark survey is published in which insurers are assessed for their insurance and sustainability policies.
- **Global Reporting Initiative (GRI)**
  The guidelines of the Global Reporting Initiative governing transparent reporting on (quantifiable) economic, ecological and social performance. The GRI G4 benchmark helps to present non-financial information in as structured, measurable and comparable a way as possible. The benchmark was established to compare the non-financial performance wherever possible.
- **Transparency Benchmark (TB)**
  The Transparency Benchmark of the Dutch Ministry of Economic Affairs gives an overview of the overall scores achieved by organizations. a.s.r. has been included in the Ministry of Economic Affairs' transparency benchmark.
- **Social partner of Feyenoord football club**
  As part of the sponsorship and partner agreement with Feyenoord, the a.s.r. Foundation undertakes various community activities in collaboration with the Rotterdam-based football club under the name Feyenoord in Society. These initiatives often centre around financial education.

7.8 About this sustainability report

In this sustainability report (chapter 7), a.s.r. seeks to present a transparent picture of its activities and objectives in the field of sustainability. This report also contributes to raising awareness of sustainability within a.s.r.

The report, which is published annually, gives a.s.r. the opportunity to provide a transparent overview of its activities and objectives and to strengthen ties with its stakeholders: customers, suppliers, financial authorities, government bodies and public interest groups. In this report, a.s.r. wants to provide an overview of its organization and illustrate the interrelationships between its strategy and governance and the social and economic context in which it operates. The annual report breaks down into three sections: the report by the Executive Board, the financial statements and the sustainability report. Because of its structure, the annual report provides an understanding of the company's performance in various respects.

The online version of the annual report 2015 contains a number of links between the sustainability report and the other chapters of the annual report. It also has links to sources posted on the corporate website. For more information on ASR Nederland N.V., a.s.r. refers to other sections of this annual report and to www.asrnl.com.

Scope of disclosures

This report is intended for a.s.r. stakeholders and other interested parties. It covers all a.s.r. brands and operations. The quantitative and qualitative information that is provided concerns a.s.r. as a whole, except where stated that information applies to one specific business line or a division of the organization.

Reporting guidelines

This annual report has been prepared in accordance with local and international financial reporting requirements. The reporting framework and indicators are in accordance with the GRI G4 guidelines of the Global Reporting Initiative (GRI) and the Core option of GRI G4. a.s.r. believes that the GRI G4 Guidelines provide an effective framework for its sustainability reporting.

The GRI G4 Content Index outlines the indicators on which a.s.r. reports and shows where these disclosures can be found in the sustainability report, the report of the Executive Board or the financial statements. The table also includes additional information that has not been included in the annual report itself.

For the GRI G4 Content Index, please visit www.asrnl.com.

This annual report has also been prepared in accordance with Section 391, Part 9, Book 2 of the Dutch Civil Code and the Dutch Code of Conduct for Insurers issued by the Dutch Association of Insurers.

Definitions and measuring methods

The CSR working group and Corporate Communications bear primary responsibility for collecting and validating the disclosures. The disclosures are submitted by the different business lines. All disclosures have been measured, unless indicated otherwise. No uncertainties and inherent limitations have been found in the data as a result of measuring, estimating and calculating disclosures. Data have not been estimated, unless indicated otherwise. Any changes in definitions and measuring methods have been explained in the notes to the disclosures. Corporate Communications requests to receive information once a year by means of targeted questionnaires.

Reporting process

Relevant topics for this report were selected based on a materiality survey among internal and external stakeholders using a list of GRI G4 indicators, in which the degree of importance of themes is weighed against the importance that stakeholders attach to them. For details on the analysis and the outcome, see Appendix F.

The information contained in the report by the Executive Board and the sustainability report was based on extensive reports by our product lines and interviews with directors of the product lines and corporate departments, and using the outcomes of qualitative and quantitative questionnaires. The interviews addressed the material topics and the questionnaires were in line with the GRI G4 Guidelines. All disclosures were assessed by the business lines and corporate departments such as Group Accounting Reporting & Control, Risk Management, Human Resources, Business Support, Group Procurement & Contract Management, Legal, Audit, Compliance and Security. Publication of the report is subject to the approval of the Executive Board and Supervisory Board.

Ernst & Young Accountants LLP has issued a limited assurance report on the results included in the table listing the Key Performance Indicators on page 245. For the assurance report, see page 274.

Future developments

Reporting requirements are continuing to develop and a.s.r. expects to implement further improvements in its reporting procedures and the quality of its reporting in the future, including a drive towards integrated reporting with a higher level of auditability of disclosures.

a.s.r. welcomes any feedback you may have about how to change its approach. Please contact a.s.r. if you have any questions about the report. For our contact details, see page 297 of this report.

7.9 Assurance report of the independant auditor

Independent assurance report on selected sustainability KPIs

To: the general meeting of shareholders and Board of Management of ASR Nederland N.V.

We have reviewed the selected sustainability KPIs for 2015 (hereinafter: KPIs in scope) included in the table on page 245 of the annual report 2015 of (hereinafter: the Report) ASR Nederland N.V. (hereafter 'a.s.r.'). We do not provide assurance regarding the corresponding sustainability information for the years 2014 and earlier.

Our assurance engagement is aimed to provide limited assurance that nothing has come to our attention that causes us to conclude that the KPIs in scope are not correctly presented in accordance with the reporting polices and criteria developed by a.s.r. as disclosed on page 272 of the Report.

Limitations in our scope

Carbon footprint quantification is inherently subject to uncertainty due to the use of variables such as emissions factors that are used in mathematical models to calculate CO2 emissions, and the inability of those models to precisely characterize under all circumstances the relationships between various inputs and the resultant emissions because of incomplete scientific knowledge on this topic.

Management's responsibility

Management of a.s.r. is responsible for the preparation of the KPIs in scope in accordance with the reporting policies and criteria developed by a.s.r. as disclosed on page 272 of the Report.

Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the KPIs in scope that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the KPIs in scope based on the review procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with Dutch law, including the Dutch Standards on Auditing of which specifically the Dutch Standard 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. This requires that we comply with ethical requirements and plan and perform review procedures to obtain limited assurance whether the KPIs in scope are free from material misstatement.
A review is focused on obtaining limited assurance. The procedures performed in obtaining limited assurance are aimed on the plausibility of information which does not require exhaustive gathering of evidence as in engagements focused on reasonable assurance. The performed procedures consisted primarily of making inquiries of management and others within the entity, as appropriate, applying analytical procedures and evaluating the evidence obtained. Consequently a review engagement provides less assurance than an audit.

Procedures performed

Our main procedures for the KPIs in scope included the following:

- evaluating the acceptability of the reporting policies and criteria as developed by a.s.r. and their consistent application;
- assessing the information contained in the KPIs on the basis of the reporting criteria as included in the reporting policy of a.s.r.;
- obtaining an understanding of the design and implementation of the systems and methods used to collect and process the KPIs, including the consolidation process as relevant for the KPIs in scope;
- identifying inherent risks relating to the reliability of the KPIs and obtain an understanding of the extent to which these risks are limited by internal controls;
- interviewing management (or relevant staff) at corporate (and division) level responsible for the sustainability strategy and policies;
- performing based on a risk analysis further review procedures related to the KPIs, by a combination of:
    - interviews with relevant staff responsible for a) providing the data of and information related to the KPIs, b) carrying out internal control procedures on these data and information and c) the consolidation of the data and information related to the KPIs in the Report;
    - analytical review of the KPIs and the underlying data and trend explanations submitted for consolidation at group level;
    - in addition to interviews, reconciliations with underlying environmental and social data systems and where relevant on a test basis with internal and external documentation that are the basis for the (calculation of the) KPIs.

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

Conclusion

Based on our procedures performed, and with due consideration of the limitations described in the paragraph 'Limitations in our scope', nothing has come to our attention that causes us to conclude that the KPIs 2015 in scope, in all material respects, are not correctly presented in accordance with the reporting policies and criteria developed by a.s.r. as disclosed on page 272 of the Report.

Rotterdam, 4 April 2016

Ernst & Young Accountants LLP

Signed by drs. R.J. Bleijs RA

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Appendix A

Glossary

Amortized cost
The amount at which the financial asset or the financial liability is measured on initial recognition minus principal repayments, plus or minus accumulated amortization using the effective interest method or any difference between that initial amount and the amount at maturity, and minus any reduction for impairments or uncollectibility.

Associate
An entity over which a.s.r. has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Basis point (BP)
One-hundredth of one percent (0.01%).

Building Research Establishment Environmental Assessment Methodology (BREEAM)
BREEAM, which was first published by the Building Research Establishment (BRE) in 1990, is the world's longest established method of assessing, rating, and certifying the sustainability of buildings.

Business Process Outsourcing (BPO)
BPO involves the contracting of a knowledge-intensive process to a third-party service provider. The key differences between BPO and 'standard' outsourcing are that BPO entails the outsourcing of the entire process and that the process in question is characterized by in-depth technical expertise.

Carbon footprint
An organization's carbon footprint is determined by converting its consumption of natural gas, electricity and fossil fuels into carbon emissions. The carbon footprint gives the organization an idea of the greenhouse gas emissions caused by its operations and products. All relevant organizational processes affecting the climate are included in the carbon footprint.

Cash flow hedge
A hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

Circular economy
Also referred to as cradle-to-cradle. A circular economy is an economic and industrial system that does not exhaust any final natural resources and that feeds back any residual materials into the system. The energy used in a pure circular economy must be generated from renewal sources, solar and wind energy being the main resources.

Claims ratio
The cost of claims, net of reinsurance in non-life, excluding the internal costs of handling non-life claims, less interest accrual on reserves, and a margin of prudence for health, expressed as a percentage of net earned premiums.

Clean fair value
The fair value of an asset or liability (see below), exclusive of the unrealized portion of accrued interest.

Combined ratio
The sum of the claims, commission and expense ratios.

Commission ratio
Net commissions charged for the year, expressed as a percentage of net earned premiums.

Core capital
Equity capital and disclosed reserves available at group level, based on the definition of the Tier 1 ratio (core equity capital expressed as a percentage of total risk-weighted assets).

Customer-Oriented Insurance Quality Mark
The Customer-Oriented Insurance Quality Mark is a quality mark that is awarded for an insurance company's quality of service provision and customer focus. For more information, please visit www.keurmerkverzekeraars.nl (in Dutch only).

Deferred acquisition costs
Deferral of costs of acquiring new and renewal customers, mainly involving commissions and expenditure relating to underwriting, intermediaries and the issue of new contracts, over the duration of the insurance contract. These costs vary and relate mainly to acquiring new customers.

Derivative
A financial instrument with all three of the following characteristics:
(a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided, where a non-financial variable is concerned, that the variable is not specific to a party to the contract (sometimes referred to as the 'underlying');
(b) it requires no initial net investment or an initial net investment that is lower than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
(c) it is settled at a future date.

Discounted cash flow method
A valuation technique whereby expected future cash flows are discounted at a rate that expresses the time value of money and a risk premium that reflects the extra return that investors demand in order to be compensated for the risk that the cash flows may not materialize.

Discretionary Participation Feature (DPF)
A contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are likely to be a significant portion of the total contractual benefits, the amount or timing of which is contractually at the discretion of the issuer, that are contractually based on the performance of a specified pool of contracts or type of contract, realized and/or unrealized investment returns on a specified pool of assets held by the issuer, or the profit or loss of the company, fund or other entity that issues the contract.

Embedded derivative
A component of a hybrid instrument that also includes a non-derivative host. The host contract may be a bond or share, a lease, an insurance contract or a contract of purchase and sale.

Embedded value
The present value of future profits plus adjusted net asset value.

Employee benefits
All forms of consideration given by an entity in exchange for service rendered by employees.

ESG
Environmental, social and governance (ESG) refers to the three main areas of concern that have developed as central factors in measuring the sustainability and ethical impact of an investment in a company. These areas cover a broad set of concerns increasingly included in the non-financial factors that feature in the valuation of investments in equities, property, and corporate and fixed-income bonds. ESG is the catch-all term for the criteria used in what has become known as socially responsible investment.

Expense ratio
Expenses, including internal costs of handling non-life claims, less internal investment expenses and less restructuring provision expenses, expressed as a percentage of net earned premiums.

Fair value
The amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing partners in an arm's length transaction.

Fair value hedge
A hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, on an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss.

Finance lease
A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. The title to the asset may or may not eventually be transferred.

FIRA
FIRA is a Dutch sustainability platform that verifies the corporate social responsibility disclosures of businesses and modifies them so as to allow benchmarking based on reliable information.

Fraud
Wrongful conduct or abuse of facilities and/or resources with deceit as the main component, resulting in enrichment or another gain for the perpetrator, for another party or for a.s.r.

Geothermal energy
Thermal energy generated and stored in the earth.

Goodwill
An asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized.

Global Reporting Initiative (GRI)
The Global Reporting Initiative (GRI) is an international organization that defines standards for sustainability reporting.

Gross written premiums
Total revenues (earned or otherwise) expected to be received for insurance contracts over the life of the contract, including reinsurance premiums.

Hedge accounting
Hedge accounting recognizes the offsetting on profit or loss of changes in the fair value of the hedging instrument and the hedged item.

IFRS
Acronym of International Financial Reporting Standards (previously International Accounting Standards, IAS). As of 1 January 2005, these standards have been the generally accepted international accounting policies that apply to all listed companies in the European Union. They make annual results easier to compare and offer a better understanding of a company's financial position and performance.

Impairment
The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The asset's carrying amount is reduced to its fair value and recognized through profit and loss.

Industrial accident
An industrial accident is an accident that happens in the course or as a result of work performed for a.s.r., causing injury to an employee and resulting in absenteeism, permanent disability or death. Accidents happening during an employee's travel to or from work do not qualify as industrial accidents, although

they can at times be regarded as industrial accidents if vehicles owned by a.s.r. are involved.

Institution for Occupational Retirement Provision (IORP)
IORP is a pension vehicle in the form of a separate legal entity that can operate a defined contribution pension scheme on a separate account basis during the pension accrual phase. When an employee reaches his or her retirement age, the IORP transfers the accrued capital to a pension insurer of the employee's choice to pay the pension benefits. Employers wishing to insure any additional risks (such as survivors' pensions) can do so through an IORP.

Insurance contracts
A contract under which one party (a.s.r.) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

Intangible asset
An identifiable, non-monetary asset without physical substance.

Investment contract
A life insurance contract that transfers financial risk with no significant insurance risk.

Investment property
Property held to earn rentals or for capital appreciation or both.

ISAE 3000
ISAE 3000 is the standard for assurance on non-financial information. ISAE 3000 has been issued by the International Federation of Accountants (IFAC). The standard lays down guidelines for the ethics, quality management and performance of an ISAE 3000 engagement. Generally speaking, ISAE 3000 is applied to audits of internal control, sustainability and regulatory compliance.

ISAE 3402 type II assurance report
Statutory provisions (Section 4.16 of the Dutch Financial Supervision Act) dictate that financial institutions are required to demonstrate that their outsourced processes are properly managed. As a result, a financial institution will always require a supplier to provide a Service Organization Control (SOC) report before this supplier can provide services to the financial institution. ISAE 3402 is the global standard for SOC reports. The ISAE 3402 report demonstrates that all of the financial institution's outsourced processes are properly managed.

Joint venture
A contractual arrangement under which two or more parties undertake an economic activity that is subject to joint control.

Long-Term Energy Storage (LTES)
Long-Term Energy Storage is a system capturing energy from the earth. The underground storage of energy is used to heat and cool office buildings. In summer, ground water with a temperature of 10 to 12 degrees Centigrade is pumped up from a 50-metre deep cold well. In the heat exchanger in the building, the air for the air conditioning system meets the cold water and the air loses its heat to the groundwater, which warms up. The reverse applies in winter.

Market capitalization
Market capitalization is the total market value of the outstanding shares of a publicly traded company and is equal to the share price times the number of outstanding shares.

MYA3
MYA3 refers to multi-year energy efficiency agreements between the public and private sectors, institutions and local authorities. The Dutch Ministries of Economic Affairs, Foreign Affairs and Kingdom Relations and Infrastructure and the Environment support these agreements to encourage a more effective and efficient use of energy.

Net Promoter Score
A management tool that can be used to gauge the loyalty of an organization's customers.

Non-participating life insurance contracts
In non-participating life insurance contracts all values related to the policy (death benefits, cash surrender values, premiums) are usually determined at policy issue, for the life of the contract, and usually cannot be altered after issue.

Notional amount
An amount of currency, a number of shares, a number of units of weight or volume or other units specified in a derivatives contract.

Operating lease
A lease that does not transfer substantially all the risk and rewards incidental to ownership of an asset.

Option
A financial instrument that conveys the right to buy (call option) or sell (put option) a security at a reference price during a specified time frame.

Order in Council
An Order in Council is a decision taken by the Dutch government with respect to statutory provisions.

Principles for Responsible Investment (PRI)
The United Nations Principles for Responsible Investment are a framework for institutional investors. The principles, which were launched in April 2006, pertain to the integration of environmental, social and governance aspects into investment policies. For more information, please visit www.unpri.org.

Principles for Sustainable Insurance (PSI)
The United Nations Principles for Sustainable Insurance are a set of standards designed to serve as a global framework for the insurance industry to address environmental, social, transparency, customer focus and governance aspects.

The PSI were launched in 2012. For more information, please visit www.unepfi.org/psi.

Private equity
An asset class consisting of equity securities of companies that are not publicly traded on a stock exchange. The transfer of private equity is strictly regulated. In the absence of a marketplace, any investor looking to sell their stake in a private company personally has to find a buyer.

Provision
A liability of uncertain timing or amount. Provisions are recognized as liabilities if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations (assuming that a reliable estimate can be made).

Recoverable amount
The recoverable amount of an asset or a cash-generating unit is its fair value less costs to sell or its value in use, whichever is higher

Seasonal Thermal Energy Storage (STES)
Method for underground storage of heat or cold. The technology is used to heat and/or cool buildings.

Securities lending
This refers to the lending of securities by one party to another, which agrees to deliver back the securities on a specified future date. The borrower usually provides the lender with collateral. Securities lending allows the owner of the securities to generate extra income.

Shadow accounting
Shadow accounting allows a recognized but unrealized gain or loss on an asset to be transferred to insurance liabilities.

Solvency II
Solvency II is an EU regulatory regime that has been in force in all Member States since 1 January 2016. It has introduced a new, harmonized Europe-wide regime for insurance companies and sets regulatory requirements for solvency and risk governance.

Stakeholders
Stakeholders are persons or organizations that have an interest of whatever nature in an organization. They have a link with its activities, share in its earnings, influence its performance and assess its economic, social and environmental effects. a.s.r.'s main stakeholder groups are its employees (internal), customers and suppliers, and the financial authorities, government and public organizations.

Subordinated debt
Loans (or securities) that rank lower than other debts should the company fall into receivership or be discontinued.

Subsidiary
An entity that is controlled by ASR Nederland N.V. (the parent company) or a subsidiary of ASR Nederland N.V.

Sustainable investment
Sustainable investment is a form of investment by which an investor weighs the implications for people and planet in their investment decisions.

Test margin
The test margin for the regulatory solvency available is the excess of the liability arising from the insurance contract and the outcome of the DNB liability adequacy test (DNB LAT).

Transaction date
The date at which a.s.r. enters into the contractual terms of an instrument.

Value in use
Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value Of Business Acquired (VOBA)
The present value of future profits embedded in acquired insurance contracts. VOBA is recognized as an intangible asset and amortized over the effective life of the acquired contracts.

Appendix B

List of acronyms

AFM	Netherlands Authority for the Financial Markets
AIFMD	Alternative Investment Fund Managers Directive
ALM	Asset Liability Management
APF	General Pension Fund
a.s.r. GAM	a.s.r. Group Asset Management
a.s.r. REIM	a.s.r. Real Estate Investment Management
ASRH	ASR Hypotheken B.V.
ASR DCRF	ASR Dutch Core Residential Fund
ASR DPRF	ASR Dutch Prime Retail Fund
a.s.r. RED	a.s.r. Real Estate Development
AuM	Assets under Management
BeZaVa	Liability for temporary employees
BPO	Business Process Outsourcing
BREEAM	Building Research Establishment Environmental Assessment Methodology
CAGR	Compound Annual Growth Rate
CCR	Counterparty Credit rating (Standards and Poor's)
CDO	Collateralized Debt Obligation
CDS	Credit Default Swap
CRSA	Control Risk Self-Assessment
CoC	Cost of Capital
CoE	Cost of Equity
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CSA	Credit Support Annex
DAC	Deferred Acquisition Costs
DBO	Defined Benefit Obligation
DNB	Dutch Central Bank (De Nederlandsche Bank)
DNB LAT	Dutch DNB (regulatory) Liability Adequacy Test
DPF	Discretionary Participation Features
ECAP	Economic Capital
EPA	Energy Performance Advisory
Eonia	Euro over night index average
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
EUR	Euro
Euribor	Euro interbank offered rate
FIG	Fair Insurance Guide
FIRM	Financial Institutions Risk Assessment Method
FTE	Full-time equivalent
GDP	Gross Domestic Product
GRESB	Global Real Estate Survey Benchmark
GRI	Global Reporting Initiative
IAS	International Accounting Standards
IBNR	Incurred But Not Reported
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IFSR	Insurer Financial Strength Rating (Standard & Poor's)
INREV	European Association for Investors in Non-Listed Real Estate Vehicles
IORP	Institution of Occupational Retirement Provision
ISDA	International Swaps and Derivatives Association
IVBN	Dutch Association of Institutional Property Investors
KKV	Dutch label for a customer oriented insurance
KPI	Key Performance Indicator
LAT	Liability Adequacy Test
LTEO	Long-Term Energy Storage
LTGA	Long-Term Guarantee Assessment
MVI	Socially Responsible Procurement and Business Practices
MYP3	Multi-Year Energy Efficiency Plan 3
NEPROM	Association of Dutch Property Developers
NPS	Net Promoter Score
NRW	Dutch Council of Shopping Centres
OIS	Overnight Index Swap
ORSA	Own Risk and Solvency Assessment
OTC	Over The Counter
PARP	Product Approval and Review Process
P&C	Property and Casualty
QIS	Quantitative Impact Studies (Solvency II)
RICS	Royal Institution of Chartered Surveyors
SaaS	Software as a Service
SCR	Solvency Capital Requirement
SME	Small and Medium-sized Enterprises
SRI	Socially Responsible Investment
TVOG	Time Value of Financial Options and Guarantees
UCITS	Undertakings for Collective Investment in Transferable Securities
UFR	Ultimate Forward Rate
USD	United States Dollar
VOBA	Value Of Business Acquired
VPL	Early retirement and life cycle 'VUT *(Vervroegd UitTreden)*, Prepensioen en Levensloop'
Wft	Dutch Financial Supervision Act

Appendix C

Other customer information

For more information about customer surveys within the context of the Customer-Oriented Insurance Quality Mark, please visit the websites of the different labels.

Customer satisfaction surveys (commissioned by the Dutch Association of Insurers)

		Retail lines		Commercial lines					
		Non-life		Income protection		Non-life		Pensions	
	Quality Mark	2015	2014	2015	2014	2015	2014	2015	2014
a.s.r.	KKV	7.6	7.4			7.0	7.1	6.0	6.3
De Amersfoortse	KKV			6.9	7.3			6.6	6.3
Ditzo	KKV	7.6	7.4						
Europeesche Verzekeringen	KKV	7.7	7.5						

Appendix D

Other employee information

The information disclosed below does not include the employees of PoliService, SOS International, Assuradeurenhuys, Van Kampen Groep, De Eendragt, AXENT and Dutch ID.

Breakdown of workforce by gender and age

Age group	2015		2014		2013	
	Male	Female	Male	Female	Male	Female
16-20	1	1	9	16	2	1
21-25	31	34	37	42	37	50
26-30	109	125	87	109	163	141
31-35	200	178	209	190	262	242
36-40	252	221	276	239	286	215
41-45	324	220	343	241	433	283
46-50	373	219	407	241	414	242
51-55	356	187	388	191	446	166
56-60	311	91	330	98	287	80
61-65	113	29	151	36	100	23
>65			1			
Total	**2,070**	**1,305**	**2,238**	**1,403**	**2,430**	**1,443**

Staff turnover at 31 December by age category

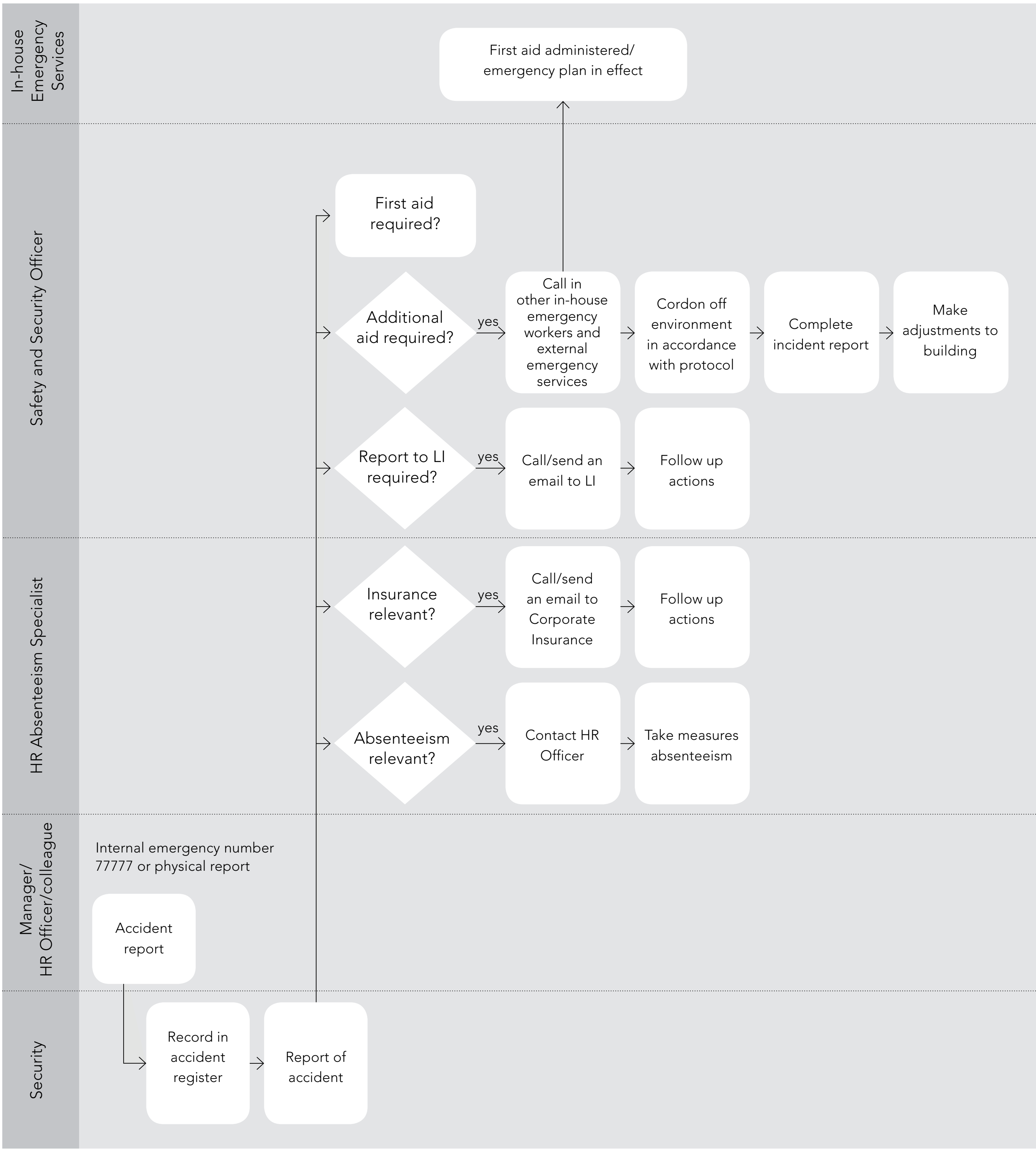
Age group	2015				2014				2013			
	Influx		Outflux		Influx		Outflux		Influx		Outflux	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
16-20			2	1	14	21	35	9	1	1		1
21-25	13	15	4	4	38	40	78	34	11	17	4	6
26-30	35	27	20	15	18	31	49	31	25	24	25	30
31-35	31	15	42	26	17	11	28	19	30	20	30	45
36-40	19	12	42	25	15	13	28	22	12	10	35	58
41-45	19	11	37	36	11	11	22	26	23	8	59	48
46-50	14	11	51	28	11	9	20	20	4	7	45	31
51-55	8	9	37	13	5	7	12	19	6	4	30	17
56-60	3	3	18	8	5		5	14	3		41	15
61-65			36	6				11	1		27	4
>65					1		1	3				1
Subtotaal	**142**	**103**	**289**	**162**	**135**	**143**	**350**	**208**	**166**	**91**	**296**	**255**
Total	**245**		**451**		**278**		**558**		**207**		**551**	

Industrial accidents

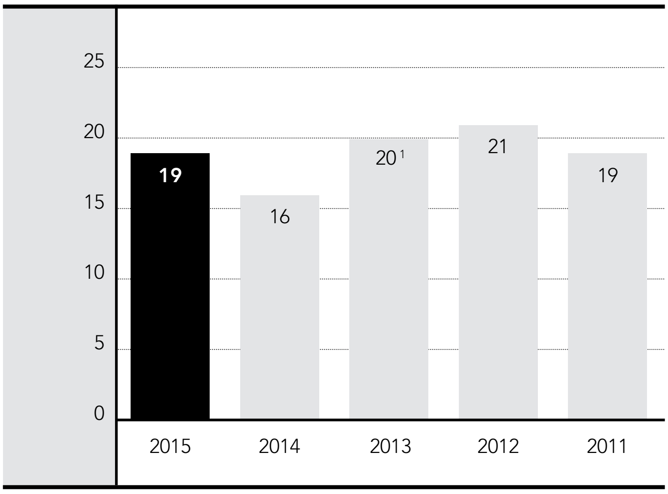
An industrial accident is an accident that happens in the course or as a result of work performed for a.s.r., causing injury to an employee and resulting in absenteeism, a permanent disability or death. Accidents happening during an employee's travel to or from work do not qualify as industrial accidents.

The a.s.r. policy addresses:

1. Initial accident report
2. Incident report
3. Report to Labour Inspectorate
4. Insurance
   - Liability insurance
   - Group accident insurance

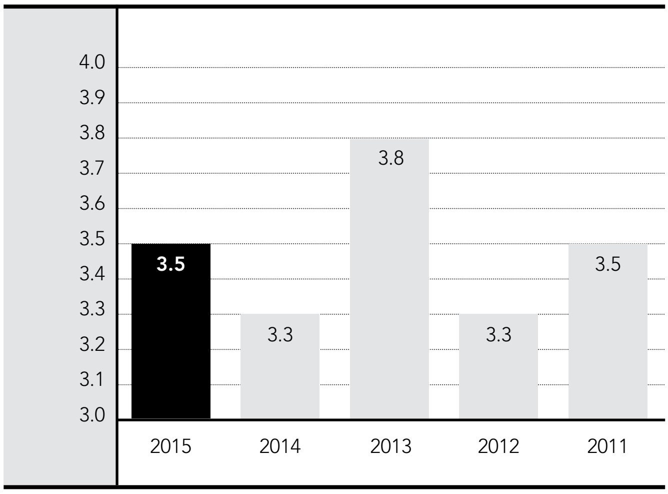


Number of emergency reports (in-house emergency services called in)



1 Of which one industrial accident.

Absenteeism rate (chart)



Absenteeism

The average absenteeism rate for 2015 at a.s.r. was 3.5%, representing a slight increase on 2014 (3.3%); this is a little lower than the national average in the Netherlands (3.8%). At 1.0%, a.s.r.'s reporting frequency (average absenteeism frequency per month multiplied by 12) was stable.

The absenteeism rate is calculated by dividing the number of absenteeism days by the number of workdays in a year.

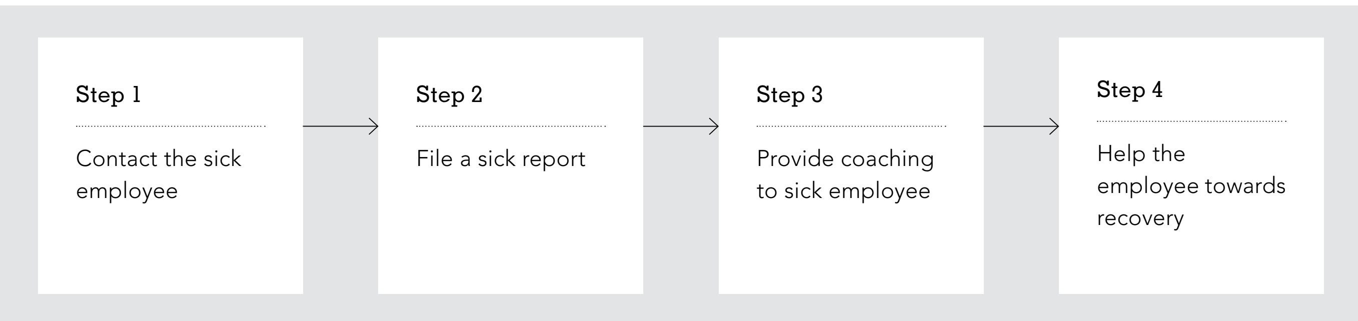
Reporting frequency

2015 – 1.0
2014 – 1.0
2013 – 1.2

The reporting frequency is the average absenteeism frequency per month multiplied by 12.

Absenteeism process

The steps in the process of illness and recovery have been outlined below. An Absenteeism Manual has been put together for managers; they can use this manual to educate themselves about the absenteeism process.



A sick employee can be offered a short or long recovery counselling programme depending on the nature of the sick leave. HR will inform the line manager of when to enter status reports on the rehabilitation process in the system, e.g. an action plan and a first-year evaluation. HR can also arrange for an absenteeism specialist to assist in the counselling process. The absenteeism specialist monitors all absenteeism reports and will contact the line manager within a few weeks of the employee having called in sick where necessary to discuss any follow-up actions. The absenteeism specialist and the company doctor will also review, before week 22 after the first day of an employee's sick leave, whether the employee's recovery could be accelerated by conducting an occupational health assessment at an early stage. The company doctor will contact the employee every four to six weeks.

Inappropriate behaviour

a.s.r. has in place a Complaints Procedure for Inappropriate Behaviour, which governs all employees who have an employment contract with ASR Nederland N.V. as well as interns, holiday workers, temporary staff and other outside staff who work for ASR Nederland N.V. If an employee is confronted with inappropriate behaviour during their work for

ASR Nederland N.V., he or she can file an individual complaint with the Complaints Committee for Inappropriate Behaviour instituted by ASR Nederland N.V. This Committee advises the Executive Board on the validity of the complaint in accordance with the complaints procedure that has been adopted in dialogue with the Works Council. a.s.r. has also appointed two external confidential counsellors. Employees are free to avail themselves of the option to engage these counsellors.

a.s.r. qualifies the following as inappropriate behaviour: any form of behaviour that is sexual and/or otherwise hurtful, intimidating or offensive in nature. In concrete terms, this would include asking for sexual favours, making offensive oral statements or displaying physical conduct of a sexual nature.

This specifically includes:
- inappropriate sexual advances
- requests for sexual favours
- any other type of verbal or physical conduct of a sexual or otherwise hurtful or offensive nature where:
  - subjection to the conduct in question is an implicit or explicit condition for the job or the appointment;
  - a person uses subjection to or rejection of that conduct as a basis for their decision-making with respect to the job or the appointment;
  - such conduct is meant to create an intimidating, hostile, hurtful or offensive climate, or results in such a climate.

Three formal complaints were filed in 2015. One of the three complaints was declared invalid, which is why it was not handled. The second complaint was ultimately not handled because the two parties involved came to an understanding. The third complaint was handled by the General Complaints Committee on 10 December 2015. On 24 December 2015, the Committee submitted its recommendation to the Director of the business unit in question, after which the Director sent the final decision to the person who filed the complaint on 4 January 2016. No complaints dating back to 2014 were resolved in 2015.

Breakdown by male and female employees at 31 December

	2015		2014		2013	
	Male	Female	Male	Female	Male	Female
Executive Board	3	1	3	1	3	1
Senior management	19	4	19	4	22	6
Higher management	89	31	82	29	77	20
Front office	96	17	115	24	134	24
Back office	1,863	1,252	2,019	1,345	2,197	1,393
Subtotal	**2,070**	**1,305**	**2,238**	**1,403**	**2,430**	**1,443**
Total	**3,375**		**3,641**		**3,873**	

Number of part-time[1] and full-time employees at 31 December

	2015		2014		2013	
	Male	Female	Male	Female	Male	Female
Part-time[1] employees	271	796	304	853	327	872
Full-time employees	1,799	509	1,934	550	2,103	571
Subtotal	**2,070**	**1,305**	**2,238**	**1,403**	**2,430**	**1,443**
Total	**3,375**		**3,641**		**3,873**	

1 Employees who work less than a full-time equivalent (FTE).

Breakdown of employees by contracts of definite and indefinite duration at 31 December

	2015		2014		2013	
	Male	Female	Male	Female	Male	Female
Contract of definite duration	113	87	104	108	114	91
Contract of indefinite duration	1,957	1,218	2,134	1,295	2,316	1,352
Subtotal	**2,070**	**1,305**	**2,238**	**1,403**	**2,430**	**1,443**
Total	**3,375**		**3,641**		**3,873**	

Breakdown of employee by salary scale

Job group	Male	Female	Total
Scale 2	14	16	30
Scale 3	8	45	53
Scale 4	30	26	56
Scale 5	98	152	250
Scale 6	259	324	583
Scale 7	268	201	469
Scale 8	276	129	405
Scale 9	356	132	488
Scale 10	283	114	397
Scale 11	222	88	310
Scale 12	145	42	187
Scale 13	39	14	53
Scale 14	33	10	43
Scale 15	17	7	24
Scale 22	5	2	7
Scale 23	14	2	16
Executive Board	3	1	4
Total	**2,070**	**1,305**	**3,375**

Additional positions of executives and memberships of a.s.r.

Dutch Association of Insurers
- Member of the Board – Jos Baeten, CEO

Policy Committee of the Funeral Expenses Insurance Platform
- Member – Guido Horst, Managing Director Ardanta

Unit-Linked Insurance Administrative Consultative Committee
- Member – Philippe Wits, Managing Director life business

Administrative Consultative Committee of the Dutch Association of Authorised Agents (NVGA)
- Member – Frank Romijn, Managing Director of occupational disability business

Administrative Consultative Committee of Oval, a sector association of occupational health & safety services and rehabilitation companies
- Member – Frank Romijn, Managing Director of occupational disability business

Centre for Insurance Statistics
- Member – Frank Romijn, Managing Director of occupational disability business

Insurance Fraud Prevention Committee
- Member – Gerard ten Brincke, Managing Director of Europeesche Verzekeringen

Risk Management Committee
- Member – Jerphaas Campagne, Managing Director of Group Risk Management

Coordination Committee of Verzekeraars Versterken, an initiative to strengthen insurance companies
- Member – Frank Romijn, Managing Director of occupational disability business

PKMM, a forum for small and medium-sized companies
- Member – Gerard ten Brincke, Managing Director of Europeesche Verzekeringen

Sector Board, Health
- Member of the Board – Frank Romijn, Managing Director of occupational disability business

Sector Board, Life
- Member of the Board – Fleur Rieter, Managing Director of pension business

Sector Board, Non-life
- Member of the Board – Robert van der Schaaf, Managing Director of non-life business

Working Group Internal Audit
- Member – Arnoud Daan, Managing Director of Audit

Sector Board, Income Protection
- Chair – Frank Romijn, Managing Director of occupational disability business

Investment Policy Committee
- Chair – Jack Julicher, CIO Financial Markets

Sector Board, Pay-and-Benefits
- Member – Jolanda Sappelli, Managing Director of Human Resources

Advisory Council for Financial Services Management, HU University of Applied Sciences, Utrecht
Education & Professional Development Committee
- Member – Frank Romijn, Managing Director of occupational disability business

Dutch Association of Health Insurers
- Member of the Board – Petra van Holst, Managing Director of health insurance business

Dutch Association of Institutional Property Investors (IVBN)
- Chair – Dick Gort, Managing Director of real estate business

Dutch Reinsurance Company for Terrorism Losses (NHT)
- Member of the Supervisory Board – Frank Romijn, Managing Director of occupational disability business

European Travel Insurance Group (ETIG)
- Member of the Board – Gerard ten Brincke, Managing Director of Europeesche Verzekeringen

Foundation for Sustainable (Micro) Pensions in Developing Countries (SDMO)
- Member – Fleur Rieter, Managing Director of pension business

Keerpunt Hilversum, a rehabilitation company
- Member of the Supervisory Board – Frank Romijn, Managing Director of occupational disability business

Netherlands Institute of Chartered Accountants (NBA)
Sector Committee for Insurance Companies and Pension Funds
- Member – Arnoud Daan, Managing Director of Audit

Netspar, Network for Studies on Pensions, Aging and Retirement
- Member of Foundation Board – Fleur Rieter, Managing Director of pension business

Schadegarant/Glasgarant, an association of car and windshield damage repair companies
- Board Member – Robert van der Schaaf, Managing Director of non-life business

Skydoo, a digital platform for facilitating the acceptance process between intermediaries and lenders
- Member of the Board – Mario Menheere, COO of a.s.r. bank

Social Fund a.s.r.
- Chair – Gerard ten Brincke, Managing Director of Europeesche Verzekeringen

SOS International
- Chair of the Supervisory Board – Gerard ten Brincke, Managing Director of Europeesche Verzekeringen
(until 1 March 2015)

StiVAD, a real estate data foundation
- Member of the Supervisory Board – Dick Gort, Managing Director of real estate business

The Personal Injury Council
- Chair – Robert van der Schaaf, Managing Director of non-life business
(until 1 August 2015)

VNO-NCW
- Member of the General Administrative Board - Jos Baeten, CEO

Appendix E

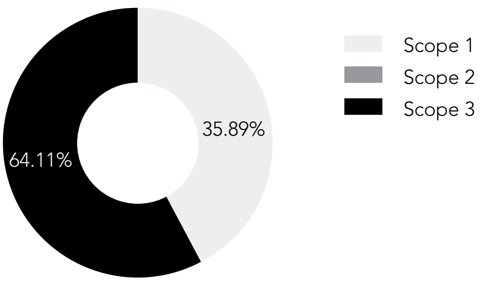
Other environmental information

a.s.r. seeks to be a leader in sustainable business practices in the financial sector. It aims to realize this ambition in its investment policy as well as in its own business practices, from operating energy-efficiently to pursuing a sustainable procurement policy.

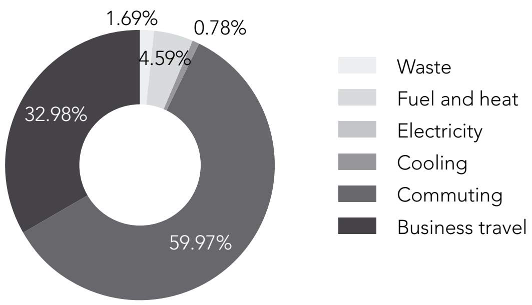
Carbon emissions are reported based on Scopes 1, 2 and 3 of the Greenhouse Gas Protocol. Scope 1 covers all direct emissions (fuel consumed by company vehicles and lease cars), Scope 2 encompasses carbon emissions from consumption of purchased electricity (emitted by the electricity company rather than by a.s.r. itself) and Scope 3 relates to indirect carbon emissions in the corporate value chain (caused, for instance, by commuters without lease cars and external services providers (e.g. airlines).

Total carbon emissions

The charts below break down total carbon emissions by scope and by emission category.



Emissions by scope

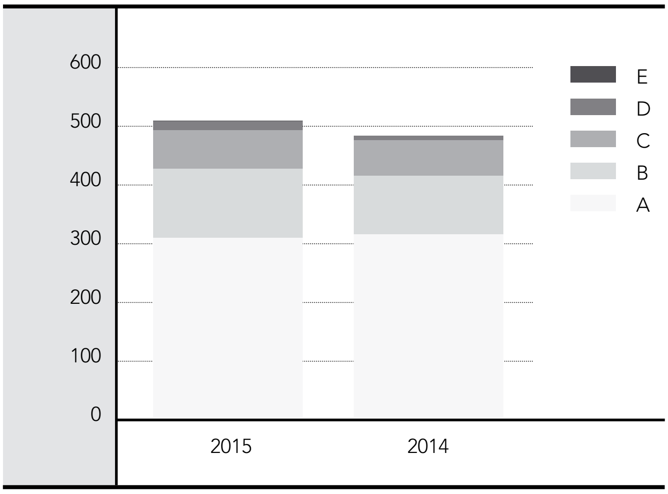


Emissions by category

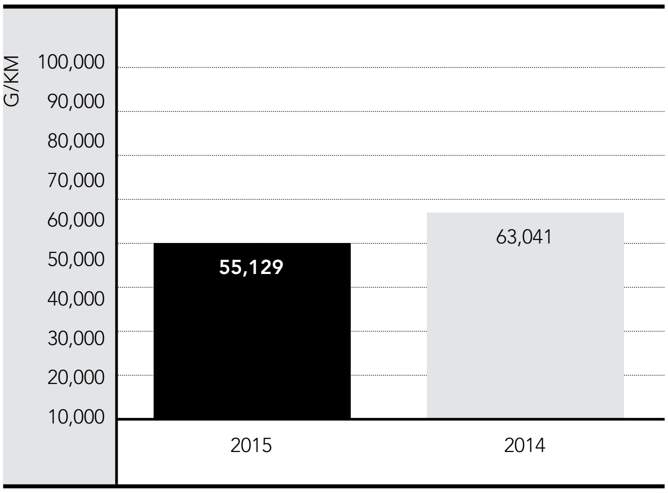
Scope	Category	Emissions (tonnes of carbon dioxide equivalents)	%
Scope 1	Fuel and heat	321.0	4.6
	Cooling	54.7	0.8
	Business travel (lease)	2,136.5	30.5
		2,512.2	
Scope 2	Electricity	0.0	0.0
		0.0	
Scope 3	Business travel (air travel, expense claims for mileage clocked up by private car, train and bus)	172.1	2.5
	Commuting	4,197.8	60.0
	Waste	118.3	1.7
		4,488.2	
			100%

Location	kg CO2 per FTE	kg CO2 per m²	Emissions (tonnes of carbon dioxide equivalents)
ASR Nederland	2,825.01	81.65	7,000.36

Number of energy-efficient lease cars



Total factory carbon emissions (g/km)



a.s.r.'s carbon emissions are lower because it operates more energy-efficiently. a.s.r. is committed to achieving the energy efficiency targets set in the MYA3 energy covenant, which are assessed by the government. In 2014, a.s.r. consumed 30% less energy than in 2005, the benchmark year.

In addition to energy from green sources, a.s.r. purchases hydropower via CertiQ certificates and compensates its residual carbon emissions by buying efficient cook stoves in Ghana that reduce carbon emissions locally.

Electricity (KWh)

	2015	2014	2013	2012	2011
Archimedeslaan	6,784,564	8,021,289	9,768,012	12,680,511	13,436,894
Stadsring	1,503,821	1,701,138	1,870,680	1,895,021	2,039,424
Pythagoraslaan	207,579	600,522	660,858	731,467	733,907
Corkstraat	58,334	68,615	61,647	75,183	92,666
Total	**8,554,298**	**10,391,564**	**12,361,197**	**15,382,182**	**16,302,891**
In %	**-17.68%**	**-15.93%**	**-19.64%**	**-5.65%**	**1.02%**

Gas (m^3)

	2015	2014	2013	2012	2011
Archimedeslaan	177,552	422,333	725,576	806,126	768,810
Stadsring	114,695	105,114	163,655	150,777	154,159
Pythagoraslaan	30,800	39,180	51,968	47,954	44,513
Corkstraat	34,883	37,629	40,711	50,484	21,674
Total	**357,930**	**604,256**	**981,910**	**1,055,341**	**989,156**
In %	**-40.77%**	**-38.46%**	**-6.96%**	**6.69%**	**-13%**

Water (m^3)

	2015	2014	2013	2012	2011
Archimedeslaan	23,667	25,432	35,749	40,479	42,753
Stadsring	3,694	3,873	5,421	5,602	4,960
Pythagoraslaan	863	2,367	2,353	2,555	2,291
Corkstraat	95	218	548	120	67
Total	**28,319**	**31,890**	**44,071**	**48,756**	**50,071**
In %	**-11.20%**	**-27.64%**	**-9.61%**	**-2.63%**	**0.19%**

Waste

Residual waste
The residual waste collected in 2015 was processed in a waste power plant. This residual waste was converted into (partially green) energy and heat.

Paper and cardboard
All collected cardboard and archives were recycled in the paper industry. The archives were collected as confidential paper and confidentially destroyed. After destruction, this paper was used as a high-grade base material in the paper industry.

Swill/organic waste
In 2015, a.s.r. separated substantial amounts of swill and organic waste from its residual waste. All of this waste was converted into biogas, making this waste flow entirely green.

Glass
All glass was collected and recycled into new glass. Recycling one tonne of glass saves 1.4 tonnes in base materials.

Wood
All wood that is collected is sorted. The highest-quality wood is used as a base material in the fibreboard industry. Lower-quality wood not suitable for the fibreboard industry is used as an energy carrier for energy generation.

Residual waste

	2015	2014	2013	2012	2011
Archimedeslaan	133,980	126,693	114,340	116,710	168,940
Stadsring	92,664	92,952	86,250	92,640	75,846
Pythagoraslaan	12,875	51,504	47,970	51,490	22,307
Corkstraat	1,716	1,716	4,720	5,160	2,997
Total	**241,235**	**272,865**	**253,280**	**266,000**	**270,090**

Paper and cardboard

	2015	2014	2013	2012	2011
Archimedeslaan	79,607	170,439	118,030	180,270	233,438
Stadsring	32,705	22,885	36,910	41,580	98,783
Pythagoraslaan	5,249	8,927	16,210	13,200	18,181
Corkstraat	46,363	61,537	34,130	58,469	64,865
Total	**163,924**	**263,788**	**205,280**	**293,519**	**415,267**

Swill

	2015	2014	2013	2012	2011
Archimedeslaan	11,371	8,280	22,350	19,710	21,040
Stadsring					
Pythagoraslaan	0	221	4,380	5,300	3,260
Corkstraat					
Total	**11,371**	**8,501**	**26,730**	**25,010**	**24,300**

Other waste

	2015	2014	2013	2012	2011
Archimedeslaan	12,850	30,298	20,460	119,015	112,555
Stadsring	101	6,911	60	13,040	110
Pythagoraslaan	454	1,714	7,600	13,510	9,496
Corkstraat		37,629	40,711	50,484	21,674
Total	**13,405**	**38,923**	**28,120**	**145,565**	**122,161**

Biodiversity

The office garden at Archimedeslaan borders on the Ecological Network of the province of Utrecht and provides a habitat for several species of fauna, including bats, hedgehogs, salamanders, insects, storks and grass snakes.
a.s.r. has taken the following measures to promote biodiversity.

House sparrow

Over the past 20 years, the number of breeding pairs of the house sparrow, which belong to the order Passeriformes, has fallen significantly (over 50%). In the Netherlands, the house sparrow is on the red list of threatened species. The house sparrow is known to be primarily dependent on nesting opportunities in buildings.

a.s.r. is committed to conserving this species; to help do so, it has fitted 40 nesting boxes for house sparrows on the facade of its headquarters. All these nesting boxes were installed in 2015.

Swift

Similar to the house sparrow, the number of breeding pairs of the swift (order Hirundinidae) in the Netherlands has fallen dramatically as well, although the swift has not yet made it onto the red list of threatened species in the Netherlands. Swifts are known to be primarily dependent on nesting opportunities in buildings too.

a.s.r. is committed to conserving this species; to help do so, it has fitted 20 nesting boxes for swifts on the facade of its headquarters. All nesting boxes were installed in 2015.

Bats

Bats, belonging to the order Chiroptera, are protected in the Netherlands. It is known that the grounds of a.s.r. headquarters are foraging territory for bats. In 2013, 23 shelters were fitted. At the end of 2014, a.s.r.'s Ecology Coordinator established that various shelters were being used by bats. The front of the new building is not suitable for bat nests, which is why a.s.r. installed a number of maternity units in the courtyard of the building in 2015.

Bees

a.s.r. has deliberately chosen to create a habitat for bees in its garden. The bee-keepers engage in organic bee-keeping and the garden has bee-friendly plants.

In addition, a.s.r. tries to promote biodiversity through vigorous maintenance of its gardens so that native plans have a greater chance of survival. Also, when designing the garden, a muddy layer of soil was added to increase the number of amphibians. Finally, a number of willow trees (Salix) were planted. Compost heaps are made using the branches of this fast-growing tree. By doing so, a.s.r. hopes to improve the habitat of the grass snake (Natrix natrix), a rare species that is on the red list of threatened species.

Appendix F

Other information

Identified stakeholders

Stakeholder group	Composition
Employees	• Employees • Team managers • Senior management • Executive Board • Works Council
Customers	• Intermediaries • End customers
Suppliers [1]	• Segmented by location: - 90% Dutch - 10% EU and US-based • Segmented by products and services: - IT&C - Facility • Segmented by activities: - BPO (entire process outsourced) - consultancy services
Financial market players	• Analysts • Investors • Banks • Standard & Poor's (S&P) rating agency • AFM • DNB
Government	• NLFI • Dutch Finance Ministry • Cabinet • Parliament • Political parties – financial spokespersons • Dutch Insurance Commission • City of Utrecht • City of Rotterdam • Local authorities • Province of Utrecht • Rijnsweerd Industry Park
Public and non-governmental organizations and sector associations	• Neighbours and residents' representative bodies in view of renovation and inconvenience • Dutch Consumers' Association • Financial Services Complaints Authority (Kifid) • National Ombudsman • Stichting Verliespolis • Stichting Woekerpolis Claim • Dutch Association of Insurers • Vereniging Consument & Geldzaken • Dutch Shareholders' Association (VEB) • Dutch Home Owners' Association (VEH) • Dutch Association of Investors for Sustainable Development (VBDO) • Association of Netherlands Municipalities (VNG) • Fair Insurance Guide • Dutch Banking Association (NVB) • Dutch Association of Institutional Property Investors (IVBN)

1 This does not include loss adjusters, crash repair companies and benefits paid by a.s.r. product lines such as occupational disability, P&C and pensions.

Materiality

Material aspects have been determined in a three-step process. First, a list was compiled of all possible aspects for a.s.r. to report on. This list was based on:

- GRI G4 guidelines
- current strategy and sustainability pillars
- annual report 2014
- outcome of stakeholder dialogues conducted in 2015

Second, the list was used to identify 20 relevant aspects. The third step involved a quantitative survey of 200 internal and external stakeholders. The materiality analysis was finalised based on the outcomes of the survey (71 respondents).
The key stakeholder group for each aspect has been specified in the table breaking down stakeholder interests based on identified material aspects (see below and next page).
The overall results have been visualized in the materiality matrix (page 21), in which the interests for stakeholders and for a.s.r. have been combined. The aspects in the top right-hand corner have been defined as material; qualitative notes on these aspects have been included in this report. All identified material aspects have been broken down in the table of identified material aspects (see below).

Delineation of material aspects

All information relating to policy, strategy and related indicators concern a.s.r.'s own organization unless indicated otherwise in the report. a.s.r. and its brands and activities cannot however be considered separately from their environment and their impact on third parties.

Management approach to material aspects

The sustainability steering group bears final responsibility for the further implementation of the material aspects. Many of these aspects are already part and parcel of a.s.r.'s day-to-day business practices. The business lines and corporate support departments involved have a good idea of the relevant duties and responsibilities, and of the time and resources assigned.

A number of material aspects still come without relevant measured performance indicators and targets.

Identified material aspects

Social development	Principal party from stakeholder model tabling the aspect	Reference in annual report	GRI aspect and indicator
1 Customer satisfaction and service	Customers	Chapter 1.5.5 Materiality matrix	Social – Product Responsibility – Product and Service Labelling: G4-PR5
2 Transparent product and service descriptions	Financial market players	Chapter 1.5.5 Materiality matrix	Social – Product Responsibility – Product and Service Labelling: G4-PR3
3 Transparent products	Customers	Chapter 1.5.5 Materiality matrix	Social – Product Responsibility – Product and Service Labelling: G4-PR3
4 Customer privacy	Customers	Chapter 1.5.5 Materiality matrix	Social – Product Responsibility – Customer Privacy: G4-PR8
5 Regulatory requirements	Financial market players	Chapter 1.5.5 Materiality matrix	Social – Society – Compliance: indicator G4-SO7 Social – Product Responsibility – Compliance: G4-PR9
6 Anti-corruption and fraud	Customers	Chapter 7.3 Employer	Social – Society – Anti-corruption: G4-SO3, SO4, SO5
7 Compliance	Employees, customers	Chapter 7.3.2 Compliance	Social – Society – Compliance: G4-SO8
8 Employer/employee relations	Employees	Chapter 7.3 Employer	Social – Labour Practices & Decent Work – Labour/ Management Relations: G4-LA4

Social development	Principal party from stakeholder model tabling the aspect	Reference in annual report	GRI aspect and indicator
9 Sustainable chain	Public organizations	Chapter 7.5.5 Procurement	Economic
10 Regulators	Financial market players	Chapter 7.1.3 Stakeholders	Economic
11 Cybersecurity	Suppliers	Chapter 5.3.7 Risk	Economic
12 Customer health and safety	Customers	Chapter 7.2 Insurance	Social – Product Responsibility – Customer Health and Safety: G4-PR1, PR2
13 Employee health and safety	Suppliers	Chapter 7.3 Employer	Social – Labour Practices & Decent Work – Occupational Health and Safety: G4-LA5, LA6, LA7, LA8
14 Supplier human rights assessment	Public organizations	Chapter 7.4 Investor Chapter 7.5 Environment	Social – Human Rights – Investment: G4-HR1
15 Child labour	Customers	Chapter 7.4 Investor Chapter 7.5 Environment	Social – Human Rights – Child Labour: G4-HR5
16 Non-discrimination	Financial market players	Chapter 7.4 Investor	Social – Human Rights – Non-discrimination: G4-HR5
17 Forced or compulsory labour	Financial market players	Chapter 7.4 Investor Chapter 7.5 Environment	Social – Human Rights – Forced or Compulsory Labour: G4-HR6
18 Activity human rights assessment	Public organizations	Chapter 7.4 Investor Chapter 7.5 Environment	Social – Human Rights – Investment: G4-HR2
19 Energy	Government	Chapter 7.5.2 Energy	Environmental – Energy: G4-EN3 to EN7
20 Products and services	Customers	Chapter 7.1.2 Areas for attention	Environmental – Products and Services: G4-EN27, EN28

Stakeholder interests based on identified material aspects

Stakeholder	interests	Expectations (material aspects)
Customers	Fair treatment and financial security	Sustainable financial products (1, 3, 6, 12, 15, 20) Financial continuity/Security in uncertain times (1) Privacy (1, 4) Respect (1)
Suppliers	Fair treatment and service fees	Respect (1) Compliance (7)
Financial market players	a.s.r. as a going concern	Sustainable financial products (2) Sustainable investment policy (16) Compliance with rules and regulations (5, 10) TCF (1) Respect (1)
Government	Sustainable contribution to society	Sustainable financial products (19) Respect (1)
Public organizations	Sustainable contribution to society	Sustainable financial products (19) Respect (1)
Employees	Vitality and financial security	Healthy and inspiring work environment (13) Respect (1)

Interaction with stakeholders[1]

Stakeholder	Timing of interaction	Purpose	Frequency	Follow-up
Customers	Telephone and other support, surveys, corporate events,	Selling process, improvements to product offering, advice and service provision, knowledge transfer and networking	Daily	Implement improvements and follow-up appointments if required/requested
Suppliers	Procurement process	Purchase of goods and services	Weekly	Delivery of product or service and follow-up appointments if required/requested
Financial market players	Working visits, meetings and presentations	Information provision on developments at a.s.r., policies and specific issues/projects	Monthly	Follow-up appointments if required/requested
Government	Working visits, meetings and presentations	Information provision on developments at a.s.r. and in the market	Weekly	Follow-up appointments if required/requested
Public organizations	Working visits, meetings and presentations	Information provision on developments at a.s.r. and in the market	Monthly	Follow-up appointments if required/requested
Employees	Management and other meetings, departmental meetings, one-on-ones	Performance of duties	Daily	Follow-up appointments if required/requested

1 For more information about the stakeholders, see the a.s.r. Annual Magazine.

Contact details

Contact
The a.s.r. annual report 2015 is published in the English language only. a.s.r. also only publishes the annual report digitally. This reduces the a.s.r. paper consumption, which is one of our sustainability goals. The report can be downloaded as a pdf.

We welcome feedback or questions on our report. You can contact us as follows:

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