interim report

2015

For the first half year 2015

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

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

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Part 1

Report of the Executive Board

1.1 Financial results for 1H 2015

- Profit for the period rose from € 171 million in H1 2014 to € 397 million thanks to an increase in operating result [1], higher investment income because of realized capital gains and net incidental income items.
- This is the first accounting period in which disclosures are included on operating result. This result was up from € 221 million in the first half of 2014 to € 280 million in the reporting period:
  - Insurance business:
    - Non-life segment: combined ratio at 92.5% thanks, in particular, to a strong operational performance.
    - Life segment: back to a stable profit level after a number of provisions had an adverse effect on profit last year.
  - Non-insurance business [2]: decline due to higher periodic pension costs due in particular to the low level of interest rates.
- Persistently strong capital position despite volatile interest rate:
  - DNB Solvency I ratio continues to be robust at 297% (year-end 2014: 285%).
  - Solvency II ratio [3] (standard model) currently estimated at approximately 185% (estimate at year-end 2014: approximately 175%).
- Operating expenses at € 273 million (H1 2014: € 264 million). The increase was caused by higher consulting fees associated with the strategic acquisitions and the acquisition of the operations of Van Kampen Groep.
- Increase in gross premiums written to € 2,476 million (up 10%), attributable primarily to a large pension buy-out.

1 Operating result represents profit before tax adjusted for (i) investment income of an incidental nature (including realized capital gains, impairment losses and realized and unrealized changes in value) and (ii) incidental items not relating to ordinary activities as a result of accounting changes, consulting fees for acquisitions, restructuring expenses, start-up costs, privatization expenses and shareholder-related expenses.

2 The non-insurance business comprises the Banking & asset management, Distribution & services, Holding & other and Real estate development segments. The real estate development business has been classified as 'held for sale' and is not included in operating result.

3 The Solvency II figures are based on the standard model, which has not yet been enshrined in law.

Consolidated statement of income of ASR Nederland N.V. (€ million)

	1H 2015	1H 2014 (restated)
Gross premiums written	**2,476**	**2,250**
- Non-life	1,375	1,415
- Life	1,171	916
- Eliminations	-70	-81
Operating expenses	**-273**	**-264**
- Non-life	-101	-105
- Life	-95	-90
- Bank & asset management	-22	-20
- Distribution & services	-17	-10
- Holding & other	-50	-52
- Eliminations	12	13
Operating expenses associated with ordinary activities	-261	-244
Provision for restructuring expenses	-8	-14
Operating result	**280**	**221**
- Non-life	114	101
- Life	222	165
- Bank & asset management	5	7
- Distribution & services	4	3
- Holding & other	-61	-56
- Eliminations	-4	1
Incidental items (not included in operating result)	**295**	**5**
- Investment income	281	108
- Incidentals	14	-103
Profit/(loss) before tax	**575**	**226**
- Non-life	155	120
- Life	442	222
- Bank & asset management	5	6
- Distribution & services	4	3
- Holding & other	-27	-125
- Eliminations	-4	-
Income tax expense	-83	-48
Profit/(loss) for the period from continuing operations	492	178
Profit/(loss) for the period from discontinued operations	-93	-8
Non-controlling interest	-2	1
Profit/(loss) for the period attributable to holders of equity instruments	**397**	**171**

Key Performance Indicators

	1H 2015	1H 2014 (restated)
New business, Life (APE)	18	28
New business, Non-life	142	137
Combined ratio, Non-life	92.5%	93.7%
Cost-premium ratio, insurance business	9.3%	8.7%
Return on equity	23.7%	10.2%
Operating return on equity	15.8%	13.0%

Total equity and solvency

	30 June 2015	31 December 2014 (restated)
Total assets	49,815	51,654
Total equity attributable to shareholders	3,372	3,028
Total equity	4,053	3,709
DNB Solvency I ratio	297%	285%
DNB Solvency I ratio excluding UFR	224%	204%
Solvency II ratio (standard model)	Approx. 185%	Approx. 175%
Number of internal FTEs	3,532	3,513

Profit for the period

Profit for the period rose from € 171 million in the first half of 2014 to € 397 million thanks to an increase in operating result from both the Non-life and Life segments, higher investment income because of realized capital gains and net incidental income items. Profit for the period includes an incidental tax gain and a loss on the real estate development business, which has been classified as 'held for sale' since 30 June 2015.

Profit for the period is affected by incidental items and volatility in the financial markets. With a view to providing a better understanding of the financial performance of the business, a.s.r. has decided to include disclosures on operating result, in which profit or loss for the period before tax is adjusted for these incidentals items.

Operating result

Operating result was up € 59 million, rising from € 221 million to € 280 million. Profit from the insurance business showed a € 70 million increase to € 336 million thanks to a strong financial performance of both the Non-life and Life segments. The Non-life segment saw its operating result rise by € 13 million, from € 101 million to € 114 million. The share of the occupational disability market increased, as shown in the most recent data from the Dutch Central Bank (DNB) at year-end 2014, and the position as market leader was further bolstered thanks to focus on customer service, expertise and professionalism. In the Non-life segment, P&C is performing well; its combined ratio was 95.1% in the first half of 2015 and premium income was up slightly. Profit from the health insurance business rose as its premium income saw a limited decline.
In the Life segment, operating result increased by € 57 million, rising from € 165 million to € 222 million. Last year, operating result in this segment was adversely affected by a number of provisions. Disregarding these, operating result was stable. In the non-insurance business, operating result decreased by € 11 million due mainly to higher periodic pension costs as a result of the low level of interest rates.

The increase in investment income included in incidental items was mainly caused by higher realized capital gains on equities. a.s.r. scaled back its equity exposure in the reporting period in order to remain within its set risk parameters and comply with its risk policy. The incidental items concern the settlement of intercompany account balances in the Life segment, a.s.r.'s own pension scheme (IAS 19) and consulting fees for acquisitions, restructuring expenses, start-up costs, privatization expenses and shareholder-related expenses.

Gross premiums written

Gross premiums written increased by € 226 million (up 10%) on the first half of 2014, rising to € 2,476 million. This rise was achieved in the Life segment thanks to the premium income from a pension buy-out (single premium: € 370 million). In the Non-life segment, gross premiums written were down 3%, falling from € 1,415 million to € 1,375 million. The Non-life segment (P&C, Ditzo and Europeesche Verzekeringen) saw 1% growth. The drop in gross written premiums was mainly attributable to the occupational disability business, where a one-off single premium contract of € 21 million had a positive effect on premium income in the first quarter of 2014. The continued decline in premium income from the occupational disability business is the result of measures designed to improve returns on the one hand and market contraction on the other, especially where individual occupational disability policies are concerned.

New business

New business, Life (APE) was down from € 28 million in the first half of 2014 to € 18 million in the reporting period. The decline was due to lower demand for individual life insurance products and a.s.r.'s pricing strategy. In the pensions business, new business dropped from the same period last year due partly to the fact that renewals of existing pension contracts are gaining momentum later this year than they did in 2014.

We have bolstered our position in the pensions and funeral insurance business (Life segment) by acquiring De Eendragt and Axent. These two acquisitions are complementary as far as their risk profile is concerned. The regulators approved the acquisitions of De Eendragt and Axent in July and August 2015 respectively. Both De Eendragt and Axent will start to contribute to a.s.r.'s financial results from the second half of 2015 onwards. Together, the two acquisitions will add € 3.5 billion to a.s.r.'s assets under management.

Operating expenses

Operating expenses amounted to € 273 million (H1 2014: € 264 million). The increase was due mainly to a.s.r.'s acquisition of Van Kampen Groep and costs incurred for recent acquisitions. In addition, costs were incurred for converting insurance portfolios and outsourcing back-office processes with a view to eventually reducing operating expenses further and making these expenses more flexible.
In the insurance business, the cost-premium ratio was up from the same period last year, rising from 8.7% to 9.3% due to the drop in premium income on an APE basis.

Headcount

The headcount rose by only 1% in the reporting period, from 3,513 FTEs to 3,532 FTEs. This increase was due entirely to the acquisition of Van Kampen Groep (adding 138 FTEs). Disregarding this effect, the headcount fell in the first half of the year. This was the result of previous restructuring operations designed to reduce costs on a sustainable basis and to increase cost flexibility. In line with this, about 90 people in the a.s.r. pensions business transferred to Infosys in the reporting period as part of an outsourcing drive.

Return on equity

Return on equity (ROE) stood at 23.7% on an annualized basis in the first half of the year (H1 2014: 10.2%). The increase was primarily attributable to the relatively high level of indirect investment income. Based on operating result, operating ROE[4] was up from 13.0% to 15.8%.

DNB Solvency I ratio

The DNB Solvency I ratio continued to be robust at 297% (year-end 2014: 285%). The UFR effect decreased from 81 %-points at year-end 2014 to 73 %-points at 30 June 2015. Excluding the UFR, a.s.r.'s solvency ratio stands at 224% (year-end 2014: 204%). The solvency ratio was positively affected by an increase in profit, a rise in the value of equities and a higher valuation of mortgages because of lower mortgage rates in the market. This was partially offset by the € 139 million dividend distribution on the profit for 2014 and the rise in interest rates.

4 Operating return on equity refers to operating result less the cost of hybrid capital as a percentage of equity attributable to shareholders excluding unrealized revaluations of portfolio investments.

The Solvency II ratio is based on a.s.r.'s current interpretation of the standard model. The rules have not yet been finalized, so the calculation method might change in the future. On the basis of current views, the Solvency II ratio at 30 June 2015 was approximately 185% (year-end 2014: approximately 175%). The Solvency II ratio increased from year-end 2014 thanks, in part, to an increase in available capital.

1.1.1 Insurance business

1.1.1.1 Non-life segment

- Profit for the period up 33% from € 92 million to € 122 million thanks to higher operating result and a rise in investment income.
- Operating result up from € 101 million to € 114 million mainly thanks to measures taken to reduce the amount of claims.
- Gross premiums written down 3% due, in particular, to a one-off occupational disability contract in 2014. 1% growth in P&C business (a.s.r., Ditzo and Europeesche Verzekeringen).
- Operating expenses, including provision for restructuring expenses, down 6% thanks to further improvements to operational efficiency.

Key figures, Non-life segment (€ million)

	1H 2015	1H 2014
Gross premiums written	1,375	1,415
Operating expenses	-101	-105
Provision for restructuring expenses	-5	-8
Operating result	**114**	**101**
Incidental items (not included in operating result)	**41**	**19**
- Investment income	46	27
- Incidentals	-5	-8
Profit/(loss) before tax	155	120
Profit/(loss) for the period attributable to holders of equity instruments	**122**	**92**
New business, Non-life	142	137

Combined ratio, Non-life segment

	1H 2015	1H 2014
Combined ratio, Non-life segment	**92.5%**	**93.7%**
- Commission ratio	15.0%	15.0%
- Cost ratio	8.7%	8.9%
- Claims ratio	68.8%	69.8%
Combined ratio		
- P&C (a.s.r., Ditzo and Europeesche Verzekeringen)	95.1%	90.0%
- Occupational disability insurance	88.7%	94.0%
- Health insurance	92.7%	98.8%

Profit for the period

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

Operating result
Operating result rose from € 101 million to € 114 million. The combined ratio improved from 93.7% to 92.5% in the reporting period, driven mainly by higher underwriting profits in the occupational disability and health insurance businesses. The combined ratio in the occupational disability business improved from 94.0% to 88.7%. This was due to the measures designed to control claims, as a result of which the number of new individual occupational disability claims has been structurally reduced. In the health insurance business, operating result increased because of the release of prior-year technical provisions and a recalculation of claims by Zorginstituut Nederland, the Dutch National Health Care Institute. The financial performance of the P&C business was very satisfactory, with a combined ratio of 95.1% and a slight increase in premium income.

Gross premiums written
Gross premiums written in the Non-life segment were down 3%, decreasing from € 1,415 million to € 1,375 million. The P&C business saw 1% growth. New business in the Non-life segment was up 4%, mainly because of further growth in the Vernieuwde Voordeelpakket package (up 55% from H1 2014). In the occupational disability business, gross written premiums fell due to a high single premium in 2014 (€ 21 million) and contraction in the market. This business recently introduced a flexible occupational disability policy for self-employed persons, which allows business owners to change their coverage at any given time. At Ditzo, the number of insured persons increased sharply during the busy and successful switching season at the end of 2014.

Operating expenses
Including the provision for restructuring expenses, operating expenses decreased from € 113 million to € 106 million, mostly due to lower costs in the occupational disability and P&C businesses thanks to efficiency improvements and fewer external hires.

1.1.1.2 Life segment
- Profit for the period up € 179 million to € 351 million thanks to improvements in operating result, realized capital gains and incidental items.
- Operating result resistant at € 222 million. Operating result for 2014 negatively affected by some special underwriting expenses.
- Gross premiums written up 28% to € 1,171 million thanks to a pension buy-out.
- Operating expenses, including provision for restructuring expenses, up 4% as a result of conversion and outsourcing expenses.

Key figures, Life segment (€ million)

	1H 2015	1H 2014
Regular premiums written	692	785
Single premiums	479	131
Gross insurance premiums	1,171	916
Operating expenses	-95	-90
Provision for restructuring expenses	-3	-5
Operating result	**222**	**165**
Incidental items (not included in operating result)	**220**	**57**
- Investment income	198	62
- Incidentals	22	-5
Profit/(loss) before tax	442	222
Profit/(loss) for the period attributable to holders of equity instruments	**351**	**172**
Cost-premium ratio (APE)	10.1%	8.6%
New business	18	28

Profit for the period
The Life segment saw its profit for the period rise by € 179 million from € 172 million to € 351 million. This doubling of profit was mainly attributable to an increase in operating result and higher indirect investment income.

Operating result
Operating result for the first half of 2015 stood at € 222 million, up from € 165 million for the same period last year. In 2014, operating result comprised a number of one-off underwriting expenses, including an additional provision for family income protection policies. Furthermore an incidental provision for pensions from 1H 2014 was released in 1H 2015. Disregarding these effects, profit developments in the Life segment were stable, although the costs result is under pressure. This is due not only to the contracting portfolio, but also to conversions of existing pension portfolios into new propositions, such as Werknemers Pensioen (Employee Pension), which are more attractively priced for customers.

Incidental items mainly concern indirect investment income, a release by virtue of settlement of certain intercompany account balances and a provision for restructuring expenses.

Gross written premiums
Compared with the same period last year, gross written premiums were up 28%, rising to € 1,171 million in the reporting period. This increase was driven in particular by higher income from single premiums as a result of a pension buy-out at year-end 2014 (single premium: € 370 million). Regular premiums written were down due, in part, to government pension accrual measures; in line with the contracting market for individual life insurance policies, premium income in the individual life business continued to fall. At € 57 million, premium income from the funeral expenses insurance business was virtually stable (down 2%). The online channel is still gaining ground. Of total new business in the funeral insurance business, 42% of policies are now taken out online (year-end 2014: 39%) thanks to previously initiated efforts to leverage the Internet to generate selling opportunities.

New business dropped from the same period last year due, in particular, to the fact that renewals of existing pension contracts (retention) are gaining momentum later this year than they did in 2014.

Operating expenses
Operating expenses, including the provision for restructuring expenses, rose from € 95 million to € 98 million owing to an increase in conversion costs and outsourcing expenses. The priorities of the a.s.r. strategy include cost flexibility and structural cost reductions, prompted in part by persistent pressure on the market. This will ultimately allow costs to move up and down with the size of the portfolio. To illustrate, the Life segment has started to prepare for the migration of various product/system combinations to a single new platform (service books). The pensions business has taken the first step towards outsourcing its business processes; within this context, about 90 employees transferred from a.s.r. to Infosys on 1 April 2015.

1.1.2 Non-insurance business

1.1.2.1 Banking & asset management segment

Key figures, Banking & asset management segment (€ million)

	1H 2015	1H 2014
Total income	62	59
Operating expenses	-22	-20
Provision for restructuring expenses	-	-1
Operating result	**5**	**7**
Incidental items (not included in operating result)	-	-1
- Investment income	-	-
- Incidentals	-	-1
Profit/(loss) before tax	5	6
Taxes	-1	-2
Profit/(loss) for the period attributable to holders of equity instruments	**4**	**4**

The Banking & asset management segment comprises ASR Bank N.V., ASR Vastgoed Vermogensbeheer B.V., ASR Nederland Beleggingsbeheer N.V. and ASR Hypotheken B.V.

Profit before tax
Profit before tax of the Banking & asset management amounted to € 5 million in the reporting period.

a.s.r. bank
a.s.r. bank posted growth in savings deposits despite the low rate of interest on savings. The portfolio rose by 8% in the first six months of the year, reaching € 1,119 million (2014: € 1,032 million) mostly thanks to deposits into the *Lijfrente Spaarrekening* annuity savings account. Origination of *WelThuis Hypotheek* mortgages stood at € 420 million in the reporting period (H1 2014: € 553 million). The decline was primarily attributable to a pricing adjustment and increased competition from other providers, including from pension funds. Profit for the period was virtually stable compared with the same period in 2014.

a.s.r. vastgoed vermogensbeheer
Early in the year, a.s.r. vastgoed vermogensbeheer, the real estate investment management business, placed a fifth closing of the ASR Dutch Prime Retail Fund worth € 250 million with an external investor. As a result, the Fund's total externally placed assets rose to € 785 million (approximately 60% of its total assets of € 1.3 billion). In addition, the ASR Dutch Core Residential Fund started at the beginning of the year. It has now placed € 80 million (of its total assets of € 0.8 billion) with external investors. With these placements, a.s.r. vastgoed vermogensbeheer continued to scale back its exposure over the past six months.

The vacancy rate of the real estate portfolio, measured in gross rental income as a percentage of assets under management, stood at 6.1% (year-end 2014: 5.8%). The increase was recorded for office space in particular. That said, the vacancy rate for residential properties was down.

ASR Nederland Beleggingsbeheer N.V. (ANB)
In addition to the investment portfolios that a.s.r. manages for the insurance entities (assets under management: € 33.5 billion), ASR Nederland Beleggingsbeheer N.V. (ANB) is responsible for managing the investment funds on behalf of a.s.r. policyholders as well as a number of separate accounts for a.s.r. pension customers. Assets under ANB's management increased by € 0.6 billion in the first half of 2015.

ANB's assets under management in investment funds were up 6%, rising to € 7.0 billion (year-end 2014: € 6.6 billion). Assets under management in separate accounts amounted to € 2.8 billion (year-end 2014: € 2.6 billion).

ASR Hypotheken B.V. manages the a.s.r. mortgage portfolio, which is worth € 5.8 billion. The mortgage portfolio grew by about 10% against 30 June 2014.

1.1.2.2 Distribution & services segment

Key figures, Distribution & services segment (€ million)

	1H 2015	1H 2014
Total income	21	13
Operating expenses	-17	-10
Provision for restructuring expenses	-	-
Operating result	**4**	**3**
Profit/(loss) before tax	4	3
Taxes	-1	-1
Profit/(loss) for the period attributable to holders of equity instruments	**3**	**2**

The Distribution & services segment comprises the operations involving the distribution of insurance products, including the activities of financial services provider PoliService B.V., Van Kampen Groep Holding B.V. (from 1 January 2015) and B.V. Nederlandse Hulpverleningsorganisatie SOS International.

Profit before tax

Profit before tax rose from € 3 million to € 4 million thanks to an increase in operating result (€ 1 million). The acquisition of Van Kampen Groep early this year was the prime reason for the increase in both operating expenses and total income. Total income is comprised mostly of service fees.

1.1.2.3 Holding & other segment

Key figures, Holding & other segment (€ million)

	1H 2015	1H 2014
Operating expenses	-50	-52
- of which associated with ordinary activities	-39	-31
Provision for restructuring expenses	-	-
Operating result	**-61**	**-56**
Incidental items (not included in operating result)	34	-70
- Investment income	37	19
- Incidentals	-3	-89
Profit/(loss) before tax	-27	-125
Taxes	42	33
Profit/(loss) for the period attributable to holders of equity instruments	**15**	**-92**

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.

Profit before tax

The profit before tax improved from € -125 million to € -27 million. This improvement was attributable in particular to incidentals (€ 86 million) and a contribution by realized capital gains (€ 18 million). However, operating result decreased by € 5 million.

Operating result

The lower operating result was due, in part, to a rise in pension costs because of the low level of interest rates, causing operating expenses from ordinary activities to climb by € 8 million to € 39 million. In addition to regular operating expenses, the operating result of the Holding & other segment more specifically includes pension costs (IAS19) and investment income.

Incidental items decreased by € 86 million to € -3 million due to the formation of a provision of € 33 million in the first six months of 2014. In addition, incidental expenses associated with a.s.r.'s own pension scheme were lower (€ 52 million) and incidental items were recognized for recent acquisitions.

Profit for the period

Profit for the period also includes an incidental tax gain of € 36 million, which mainly involves the settlement of input tax.

1.1.2.4 Real estate development segment ('held for sale')

This segment comprises all real estate development activities undertaken by ASR Vastgoed Ontwikkeling N.V. Given that a.s.r. no longer qualifies real estate development as part of its core business, the Executive Board has decided to look for a strategic buyer and classify the real estate development business as 'held for sale'. With this in mind, the operations are recognized as discontinued operations in the income statement. As a consequence, the financial results of the real estate development business are disclosed in condensed form in the income statement. Its financial performance is no longer included in the profit before tax from continuing operations.

Key figures, Real estate development segment (€ million)

	1H 2015	1H 2014
Profit/(loss) for the period from discontinued operations	-93	-8
Profit/(loss) attributable to non-controlling interests	-2	1
Profit/(loss) for the period attributable to holders of equity instruments	**-95**	**-7**

	1H 2015	YE 2014
Total assets	94	142

The derisking drive has been stepped up, which has resulted in a further fall in total assets. After the 29% fall in assets in 2014 to € 142 million, the asset position declined further to € 94 million in the reporting period[5].

Profit for the period

The profit for the period deteriorated from € -7 million to € -95 million. As a result of the classification of the real estate development business as 'held for sale', a.s.r. applied IFRS in reducing the measurement of the assets by € 39 million to their net realizable value. In addition, the real estate development business formed provisions for specific projects.

5 Further to the change in classification of the real estate development business, this concerns assets 'held for sale'.

1.1.3 Capital management

- DNB Solvency I ratio continues to be robust at 297% (year-end 2014: 285%) thanks to increase in total equity.
- Decrease in financial leverage target to 22.0% (year-end 2014: 23.9%).
- Double leverage at 118% (year-end 2014: 121%).

1.1.3.1 Equity

Breakdown of total equity

	30 June 2015	31 December 2014
Share capital	100	100
Additional paid-in capital	962	962
Unrealized gains and losses	702	737
Actuarial gains and losses (IAS19)	-517	-634
Other reserves	1,728	1,440
Retained earnings	397	423
Total equity attributable to shareholders	**3,372**	**3,028**
Other equity instruments	701	701
Equity attributable to holders of equity instruments	**4,073**	**3,729**
Non-controlling interest	-20	-20
Total equity	**4,053**	**3,709**

Statement of changes in total equity

	30 June 2015	31 December 2014
Reported total equity	**3,709**	**3,015**
Changes in accounting policies	0	642
Beginning of reporting period – total equity	**3,709**	**3,657**
Profit/(loss) for the period	397	422
Unrealized revaluations	-35	156
Actuarial gains and losses (IAS19)	117	-527
Other equity instruments (Tier 1 capital)	-	185
Gains and losses on non-controlling interests	2	-2
Other changes (e.g. dividend, coupon hybrids)	-137	-183
End of reporting period – total equity	**4,053**	**3,709**

Total equity rose from € 3,709 million to € 4,053 million. The increase was driven mainly by the addition of realized profit for the period (€ 397 million) and the increase in unrealized actuarial gains and losses (€ 117 million). The unrealized revaluations decreased by € 35 million on balance. The rise in interest rates led to a lower revaluation of bonds, which was mitigated by a higher revaluation of equities as a result of higher share prices.
Unrealized gains and losses (IAS19) decreased by € 117 million in the reporting period, mainly due to the rise in the discount rate (in line with interest rate developments) for a.s.r.'s own pension contract (IAS 19) from 2.0% at year-end 2014 to 2.5% at 30 June 2015.
The committed € 139 million dividend for 2014 was distributed in the second quarter of 2015.

1.1.3.2 Solvency

DNB solvency

	30 June 2015	31 December 2014
Total equity	4,053	3,709
Adjustment to intangible assets	-135	-105
Liability adequacy test margin [6]	803	899
Elimination of a.s.r. pension scheme	386	481
DNB solvency capital	5,107	4,984
Solvency capital requirement	**1,720**	**1,749**
DNB Solvency I ratio	297%	285%

Developments in the DNB Solvency I ratio show that a.s.r.'s capital position has continued to improve over the first half of 2015. This improvement was achieved thanks to an increase in total equity because of the sharp increase in profit. On balance, the DNB solvency capital rose by € 123 million; the DNB Solvency I ratio was up from 285% to 297%.

The Solvency II ratio is based on a.s.r.'s current interpretation of the standard model. The rules have not yet been finalized, so the calculation method might change in the future. On the basis of current views, the Solvency II ratio at 30 June 2015 was approximately 185% (year-end 2014: approximately 175%). The Solvency II ratio increased from year-end 2014 thanks, in particular, to an increase in available capital.

1.1.3.3 Financial leverage

	30 June 2015	31 December 2014
Basis for financial leverage	3,372	3,028
Financial liabilities	951	951
- of which hybrids	701	701
- of which senior debt	250	250
Financial leverage	22.0%	23.9%

Financial leverage is defined as the funding of the holding company as a percentage of total equity exclusive of non-controlling interests. a.s.r.'s financial leverage stood at 22.0% at 30 June 2015. This marks a minor 1.9 %-point improvement in financial leverage compared with year-end 2014 thanks to an increase in equity.

1.1.3.4 Double leverage

	30 June 2015	31 December 2014
Total value of associates	4,786	4,512
Equity attributable to shareholders	3,372	3,028
Hybrids	701	701
Equity attributable to holders of equity instruments	4,073	3,729
Double leverage (%)	118%	121%

Double leverage is determined based on equity attributable to holders of equity instruments. Double leverage decreased from 121% to 118% in the reporting period. The improvement was caused in particular by an increase in total equity.

6 The liability adequacy test margin is the difference between the fair value (best estimate) and the carrying amount of the technical provisions.

1.2 Risk management

1.2.1 Market risk

Financial markets

The financial markets were volatile in the first half of 2015, with major fluctuations in interest rates. Interest rates initially fell sharply in the first few months of the year, only to return to a level above that recorded at year-end 2014. Equity prices were up by about 10%. At 30 June 2015, credit spreads were higher than at year-end 2014.

Developments in solvency

The DNB Solvency I ratio stood at 297% at 30 June 2015 (31 December 2014: 285%). The dividend distribution on the profit for 2014 and higher interest rates had an adverse effect on solvency. One of the factors involved was that the application of the UFR had less effect. This was offset by organic growth in own funds, positive equity yields and a higher valuation of mortgages. The fair market value of the mortgage portfolio is calculated by factoring in current rates in the mortgage market.
As mortgage rates declined – as opposed to an upward trend in bond yields – the fair market value of the mortgage portfolio was up.

Sensitivities

The sensitivity of solvency to market risk changed from year-end 2014.

Sensitivity of DNB solvency ratio to market risks

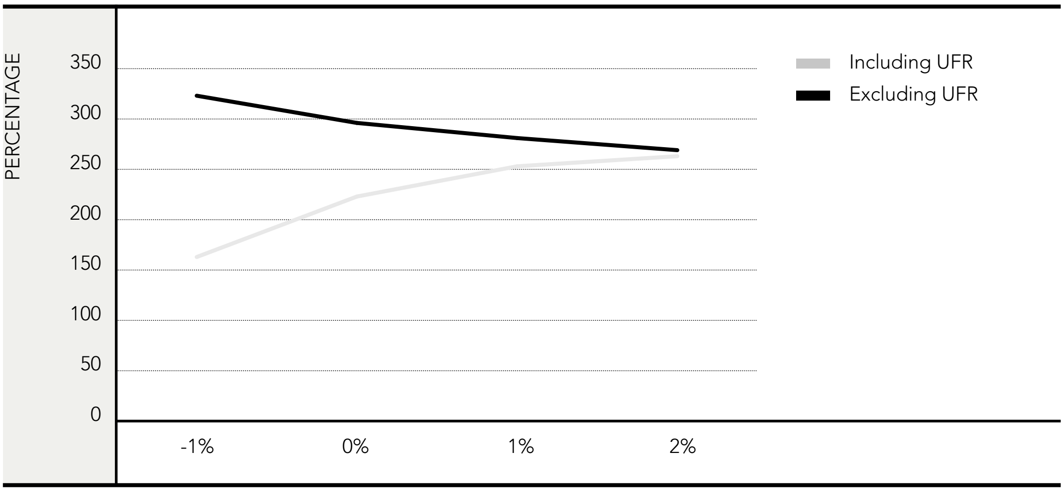
Type of risk (€ million)	Scenario	30 June 2015	31 December 2014
Equities	-20%	-16%	-18%
Interest including UFR	-1%	27%	34%
Interest including UFR	1%	-15%	-23%
Interest excluding UFR	-1%	-60%	-59%
Interest excluding UFR	1%	29%	27%
Spread	0.75%	-18%	-16%
Property	-10%	-11%	-12%

Interest rate risk

The impact of the application of the UFR on the DNB Solvency I ratio depends on the level of interest rates. The impact of the UFR on solvency at 30 June 2015 was less significant than at 31 December 2014. Disregarding the UFR, solvency was lower by 73% (year-end 2014: lower by 81%). The decline is due to the rise in interest rates.

The interest rate sensitivity of solvency is dependent on application of the UFR (see diagram). With a 1% increase in interest rates, solvency will fall by 15%. This sensitivity was higher still at year-end 2014; it declined over the past six months because of a limited reduction of the interest rate hedge. The reverse applies to the interest rate sensitivity of the solvency ratio excluding the UFR.

Interest rate sensitivity of solvency ratio



Equity risk

Developments in the financial markets had a positive effect on the value of equities. a.s.r. sold shares in the first half of 2015. On balance, the equity exposure fell over the first half of the year, resulting in a fall in the sensitivity to equities of the solvency ratio as well.

Spread risk

The total fair market value of the fixed-income portfolio hardly changed over the first half of 2015, but the underlying categories showed more movement.

Fixed-income securities (€ million)	30 June 2015	31 December 2014
Sovereign (government bonds)	10.810	11.681
Financial institutions	4.962	4.944
Corporate	4.731	3.844
Structured instruments	540	556
Total	**21.043**	**21.025**

The decrease in value of government bonds is mainly due to the rise in interest rates: the portfolio has many long-duration instruments. In addition, the exposure to peripheral countries was reduced through sales. The exposure to corporate bonds increased because of portfolio expansion. As a result, the spread sensitivity of the solvency ratio rose from 16% at year-end 2014 to 18% at 30 June 2015.

Government bonds (€ million)	30 June 2015	31 December 2014
The Netherlands	3.134	3.452
Germany	3.916	4.158
Austria	577	652
Belgium	731	756
Supranationals	402	467
France	766	799
Periphery	627	716
Other	657	682
Total	**10.810**	**11.681**

1.2.2 Underwriting risk

Underwriting risk is the risk that premium and/or investment income will not be sufficient to cover expected future payment obligations. Underwriting risk may occur when costs, claims and payouts are at variance with the assumptions and principles applied in developing and pricing products.

a.s.r. has chosen to be a generalist insurer, resulting in the spreading of insurance risk in the portfolio, and hence diversification gains. a.s.r. manages underwriting risk by focusing on acceptance policy, pricing, claims control, a prudent provisioning policy, and adequate reinsurance contracts.

1.2.3 Acquisitions

Over the past months, a risk assessment has been carried out of the effects of the acquisitions of both De Eendragt and Axent. Quantitative scenario analyses were used, among other methods, to review the implications for the solvency position of ASR Nederland N.V.

The negative effect of the acquisitions of De Eendragt and Axent on solvency will be limited. Even after the acquisitions, a.s.r.'s solvency position will be well above the solvency targets.

1.3 Executive Board Responsibility Statement

The undersigned declare that, to the best of their knowledge:

1. the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and earnings of ASR Nederland N.V. and its consolidated entities; and
2. the interim report of the Executive Board for the period ended 30 June 2015 includes a fair review of the information required pursuant to article 5:25d, paragraph 8 of the Dutch Financial Supervision Act regarding ASR Nederland N.V. and its consolidated entities.

Utrecht, the Netherlands, 27 August 2015

Jos Baeten, CEO, member of the Executive Board
Karin Bergstein, member of the Executive Board
Chris Figee, CFO, member of the Executive Board
Michel Verwoest, member of the Executive Board

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Part 2

Condensed consolidated interim financial statements of ASR Nederland N.V.

For the six months ended 30 June 2015

Unless stated otherwise, all amounts presented in these financial statements are in millions of euros.

The interim financial statements have not been audited, nor has the independent auditor conducted a limited review.

Consolidated interim balance sheet

(before profit appropriation)	Note	30 June 2015	31 December 2014 (restated)
Intangible assets		167	139
Property, plant and equipment		163	140
Investment property	4	2,634	2,833
Associates and joint ventures		18	42
Investments	5	22,628	22,963
Investments on behalf of policyholders	5	8,540	8,333
Loans and receivables	5	9,475	9,231
Derivatives	5	2,073	3,435
Deferred tax assets		454	247
Reinsurance contracts	6	421	419
Other assets		779	737
Cash and cash equivalents	5	2,369	3,135
Assets held for sale	9	94	-
Total assets		**49,815**	**51,654**
Share capital		100	100
Share premium reserve		962	962
Unrealized gains and losses		702	737
Actuarial gains and losses		-517	-634
Other reserves		1,728	1,440
Profit for the period		397	423
Total equity attributable to shareholders		**3,372**	**3,028**
Other equity instruments		701	701
Equity attributable to holders of equity instruments		**4,073**	**3,729**
Non-controlling interests		-20	-20
Total equity		**4,053**	**3,709**
Liabilities arising from insurance contracts	6	27,538	28,226
Liabilities arising from insurance contracts on behalf of policyholders		10,148	9,779
Employee benefits	7	2,987	3,123
Provisions		31	38
Borrowings		47	117
Derivatives	5	325	387
Deferred tax liabilities		-	-
Due to customers		1,758	1,949
Due to banks		1,934	3,277
Other liabilities		807	1,049
Liabilities relating to assets held for sale	9	187	-
Total liabilities		**45,762**	**47,945**
Total liabilities and equity		**49,815**	**51,654**

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.

Due to the retrospective treatment the comparative figures for 2014 have been restated accordingly (see chapter 2.2 and 2.3 for a more detailed description of the changes and the effects on the consolidated financial statements).

Consolidated interim income statement

	1H 2015	1H 2014 (restated)
Continuing operations		
Gross premiums written	2,476	2,250
Change in provision for unearned premiums	-194	-198
Gross insurance premiums	**2,282**	**2,052**
Reinsurance premiums	-70	-69
Net insurance premiums	**2,212**	**1,983**
Investment income	681	722
Realized gains and losses	385	238
Fair value gains and losses	828	69
Result on investments on behalf of policyholders	559	432
Fee and commission income	16	17
Other income	48	25
Share of profit/(loss) of associates and joint ventures	-	4
Total income	**2,517**	**1,507**
Insurance claims and benefits	-3,574	-2,599
Insurance claims and benefits recovered from reinsurers	46	55
Net insurance claims and benefits	**-3,528**	**-2,544**
Operating expenses	-273	-264
Restructuring provision expenses	-8	-14
Acquisition costs	-189	-197
Impairments	1	15
Interest expense	-132	-197
Other expenses	-25	-63
Total expenses	**-626**	**-720**
Profit before tax	**575**	**226**
Income tax (expense) / gain	-83	-48
Profit from continuing operations	**492**	**178**
Discontinued operations		
Profit (loss) from discontinued operations net of tax	-93	-8
Profit for the period	**399**	**170**
Attributable to:		
- Attributable to non-controlling interests	-2	-1
- Shareholders	397	170
- Holders of other equity instruments	-	1
- Tax on interest of other equity instruments	-	-
Profit attributable to holders of equity instruments	**397**	**171**

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. The comparative consolidated interim income statement has been restated to show the discontinued operations of Real estate development segment separately from the continuing operations (see chapter 9).

Due to the retrospective treatment the comparative figures for 1H 2014 have been restated accordingly (see chapter 2.2 and 2.3 for a more detailed description of the changes and the effects on the consolidated financial statements).

Consolidated interim statement of comprehensive income

	1H 2015	1H 2014 (restated)
Profit for the period	**399**	**170**
Remeasurements of post-employment benefit obligation	156	-616
Income tax on items that will not be reclassified	-39	154
Total items that will not be reclassified to profit and loss	**117**	**-462**
Unrealized change in value of available-for-sale financial assets	-721	770
Shadow accounting	676	-632
Segregated investment pools	-3	-26
Unrealized change in value of cash flow hedges	-	1
Tax relating to components of other comprehensive income	13	-26
Total items that may be reclassified subsequently to profit and loss	**-35**	**87**
Total other comprehensive income for the year after tax	**82**	**-375**
Total comprehensive income	**481**	**-205**
Attributable to:		
- Attributable to non-controlling interests	-2	-1
- Shareholders	479	-206
- Holders of other equity instruments	-	1
- Tax on interest of other equity instruments	-	-
Total comprehensive income attributable to holders of equity instruments	**479**	**-205**

Shadow accounting allows a recognized but unrealized gain or loss on an asset to be transferred to insurance liabilities. Further information related to shadow accounting is disclosed in the 2014 a.s.r. Consolidated Financial Statements in chapters 6.2.2 (J) and 6.16.1.

Consolidated interim statement of changes in equity

	Share capital	Share premium reserve	Unrealized gains and losses	Actuarial gains and losses (Pension obligation)	Other reserves	Profit for the period	Equity attributable to shareholders	Other equity instruments	Non controlling interest	Total equity
At 1 January 2015	100	962	737	-634	800	381	2,346	701	-20	3,027
Change in accounting policies	-	-	-	-	640	42	682	-	-	682
Restated opening balance 2015	**100**	**962**	**737**	**-634**	**1,440**	**423**	**3,028**	**701**	**-20**	**3,709**
Profit for the year	-	-	-	-	-	397	397	-	2	399
Total other comprehensive income	-	-	-35	117	-	-	82	-	-	82
Total comprehensive income	**-**	**-**	**-35**	**117**	**-**	**397**	**479**	**-**	**2**	**481**
Dividend paid	-	-	-	-	-	-139	-139	-	-2	-141
Profit carried over from previous financial year	-	-	-	-	284	-284	-	-	-	-
Other	-	-	-	-	4	-	4	-	-	4
At 30 June 2015	**100**	**962**	**702**	**-517**	**1,728**	**397**	**3,372**	**701**	**-20**	**4,053**
At 1 January 2014	100	962	581	-107	701	281	2,518	515	-18	3,015
Change in accounting policies	-	-	-	-	642	-	642	-	-	642
Restated opening balance 2014	**100**	**962**	**581**	**-107**	**1,343**	**281**	**3,160**	**515**	**-18**	**3,657**
Profit for the year	-	-	-	-	-	171	171	-	-1	170
Total other comprehensive income	-	-	87	-462	-	-	-375	-	-	-375
Total comprehensive income	**-**	**-**	**87**	**-462**	**-**	**171**	**-204**	**-**	**-1**	**-205**
Dividend paid	-	-	-	-	-	-99	-99	-	-	-99
Profit carried over from previous financial year	-	-	-	-	182	-182	-	-	-	-
Discretionary interest on other equity instruments	-	-	-	-	-1	-	-1	-	-	-1
Other	-	-	-	-	-	-	-	-	-	-
At 30 June 2014	**100**	**962**	**668**	**-569**	**1,524**	**171**	**2,856**	**515**	**-19**	**3,352**

The change in accounting policies are as a result of the voluntary changes to the accounting policies for investment property and the deferred acquisition costs.

Due to the retrospective treatment the comparative figures for 2014 have been restated accordingly (see chapter 2.2 and 2.3 for a more detailed description of the changes and the effects on the consolidated financial statements).

The actuarial gains and losses increased by € 117 million after tax and € 156 million before tax (2014: decreased by € 462 million after tax and € 615 million before tax) due to an increase (2014 decrease) in the discount rate of post-employment benefit obligation (see chapter 7).

Other reserves amounting to € 1,728 million (30 June 2014: € 1,524 million) consists primarily of retained earnings.

Abridged consolidated interim statement of cash flows

	1H 2015	1H 2014
Cash and cash equivalents as at 1 January	**3,135**	**1,521**
Cash flows from operating activities	-553	819
Cash flows from investing activities	-62	-49
Cash flows from financing activities	-144	-103
Transfer as a result of discontinued operations	-7	-
Cash and cash equivalents as at 30 June	**2,369**	**2,188**

The operational cash flows in H1 2015 are mainly due to received collateral on derivative instruments and securities lending.

Included in the cash and cash equivalents as at 30 June 2015, is € 1,684 million (31 December 2014: € 3,027 million and 30 June 2014 € 1,518 million) related to the cash collateral received on derivative instruments and securities lending and € 3 million (31 December 2014: € 0 million and 30 June 2014 € 2 million) related to cash collateral given. The debt to repay the cash collateral is included in the amount due to banks.

1 General information

a.s.r. is a leading insurance company in the Netherlands. In 2015, a.s.r. sells insurance products under the following labels: a.s.r., De Amersfoortse, Ditzo, Ardanta en Europeesche Verzekeringen. a.s.r. has a total of 3,532 internal FTE's (31 December 2014: 3,513).

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.

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

The interim financial statements were approved by the Supervisory Board on 26 August 2015.

The interim financial statements have not been audited, nor has the independent auditor conducted a limited review.

2 Accounting policies

2.1 General

The interim financial statements of a.s.r. for the six months ended 30 June 2015 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted for use within the European Union (EU). They do not contain all of the information required for complete financial statements and must therefore be read in conjunction with the 2014 consolidated financial statements of a.s.r.

Except for the change in accounting policy as a result of the voluntary change in accounting policy as of 1 January 2015 (described in chapter 2.2), a.s.r. has prepared its interim financial statements in accordance with the same principles for financial reporting, presentation and calculation methods used for the 2014 consolidated financial statements. These are prepared in accordance with International Financial Reporting Standards (IFRS) – including the International Accounting Standards (IAS) and Interpretations – as adopted for use within the European Union (EU).

2.2 Voluntary changes in accounting policies as of 1 January 2015

a.s.r. has made the 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 will be applied retrospectively whereby the 2014 comparative figures will be restated. The change for property for own use will be applied as a revaluation with effect from 1 January 2015. The change in accounting policy results in an increase of total equity as at 31 December 2014 of € 682 million after tax (€ 3,027 million) to € 3,709 million. The profit for the period ended 30 June 2014 increases by € 10 million to € 170 million.

Investment property and property for own use

a.s.r.'s accounting policy in 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 will be recognised using the fair value model. This voluntary change in accounting policy is effected as it will provide 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 2014 the fair value of the investment property amounted to € 2,759 million, an increase of € 1,042 million compared to the value under a cost model. See chapter 2.6 and 2.7 for the revised accounting policy for investment property and property and equipment.

Deferred acquisition costs

a.s.r.'s accounting policy in 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), will be charged directly to the income statement generally within one year. This voluntary change in accounting policy is effected as it will provide 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.

2.3 Financial impact of changes in accounting policies and reclassifications

The detailed impact of the changes in accounting policy and the reclassifications on the balance sheets as at 1 January 2014 and 31 December 2014 and income statement for the period ended 30 June 2014 for the changes which are applied retrospectively are as follows:

	As at 1 January 2014 As reported	As at 1 January 2014 Changes in accounting policies	As at 1 January 2014 Restated	As at 31 December 2014 As reported	As at 31 December 2014 Changes in accounting policies	As at 31 December 2014 Restated
Intangible assets	253	-	253	139	-	139
Deferred acquisition costs	241	-241	-	213	-213	-
Property, plant and equipment	97	-	97	140	-	140
Investment property	1,717	1,042	2,759	1,764	1,069	2,833
Associates and joint ventures	42	-	42	42	-	42
Investments	19,688	-	19,688	22,963	-	22,963
Investments on behalf of policyholders	8,049	-	8,049	8,333	-	8,333
Loans and receivables	8,489	-	8,489	9,231	-	9,231
Derivatives	1,054	-	1,054	3,435	-	3,435
Deferred tax assets	228	-216	12	478	-231	247
Reinsurance contracts	407	-	407	419	-	419
Other assets	659	61	720	677	60	737
Cash and cash equivalents	1,521	-	1,521	3,135	-	3,135
Assets held for sale	-	-	-	-	-	-
Total assets	**42,445**	**646**	**43,091**	**50,969**	**685**	**51,654**
Equity attributable to holders of equity instruments	3,033	642	3,675	3,047	682	3,729
Non-controlling interests	-18	-	-18	-20	-	-20
Total equity	**3,015**	**642**	**3,657**	**3,027**	**682**	**3,709**
Liabilities arising from insurance contracts	23,928	4	23,932	28,223	3	28,226
Liabilities arising from insurance contracts on behalf of policyholders	8,992	-	8,992	9,779	-	9,779
Employee benefits	2,426	-	2,426	3,123	-	3,123
Provisions	36	-	36	38	-	38
Borrowings	98	-	98	117	-	117
Derivatives	535	-	535	387	-	387
Deferred tax liabilities	-	-	-	-	-	-
Due to customers	1,366	-	1,366	1,949	-	1,949
Due to banks	677	-	677	3,277	-	3,277
Other liabilities	1,372	-	1,372	1,049	-	1,049
Liabilities relating to assets held for sale	-	-	-	-	-	-
Total liabilities	**39,430**	**4**	**39,434**	**47,942**	**3**	**47,945**
Total liabilities and equity	**42,445**	**646**	**43,091**	**50,969**	**685**	**51,654**

				1H 2014
	As reported	Changes in accounting policies	Reclassification discontinued operations	Restated
Continuing operations				
Gross premiums written	2,250	-	-	2,250
Change in provision for unearned premiums	-198	-	-	-198
Gross insurance premiums	**2,052**	**-**	**-**	**2,052**
Reinsurance premiums	-69	-	-	-69
Net insurance premiums	**1,983**	**-**	**-**	**1,983**
Investment income	723	-	-1	722
Realized gains and losses	259	-21	-	238
Fair value gains and losses	71	-2	-	69
Result on investments on behalf of policyholders	432	-	-	432
Fee and commission income	17	-	-	17
Other income	72	-1	-46	25
Share of profit/(loss) of associates and joint ventures	-3	-	7	4
Total income	**1,571**	**-24**	**-40**	**1,507**
Insurance claims and benefits	-2,599	-	-	-2,599
Insurance claims and benefits recovered from reinsurers	55	-	-	55
Net insurance claims and benefits	**-2,544**	**-**	**-**	**-2,544**
Operating expenses	-267	-1	4	-264
Restructuring provision expenses	-15	-	1	-14
Acquisition costs	-212	15	-	-197
Impairments	9	6	-	15
Interest expense	-198	-	1	-197
Other expenses	-126	18	45	-63
Total expenses	**-809**	**38**	**51**	**-720**
Profit before tax	**201**	**14**	**11**	**226**
Income tax (expense) / gain	-41	-4	-3	-48
Profit from continuing operations	**160**	**10**	**8**	**178**
Discontinued operations				
Profit (loss) from discontinued operations net of tax	-	-	-8	-8
Profit for the period	**160**	**10**	**-**	**170**

Further detail related to the discontinued operations is included in chapter 9.

2.4 Estimates and assumptions

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

Critical accounting estimates and assumptions relate to:
- the fair value and impairments of unlisted financial instruments;
- the estimated useful life, residual value and fair value of property, plant and equipment, investment property, and intangible assets;
- the measurement of liabilities arising from insurance contracts;
- actuarial assumptions used for measuring employee benefit obligations;
- when forming provisions, the required estimate of existing obligations arising from past events;
- the recoverable amount of impaired assets.

The 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 chapter as included in the 2014 consolidated financial statements.

2.5 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 when accounting for financial assets and liabilities at fair value and disclosing the comparative fair value of the financial 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.

- Level 2. Fair value based on observable market data
  Determining the fair value at level 2 is based on valuation techniques that use inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices of identical or similar assets and liabilities).

- Level 3. Fair value not based on observable market data
  The fair value of the level 3 assets and liabilities are determined using valuation techniques for which any significant inputs are not based on observable market data. Included in level 3 are also those situations, where there are marginally active or inactive markets for the assets or the liabilities.

Fair value of investment property and buildings for own use (level 3)

The accounting policy related to the determination of the fair value of investment property and buildings for own use remains unchanged.

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

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

The following valuation methods are available for the determination 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, appraise the value of the property using the reference transaction in combination with the following valuation methods to ensure the appropriate valuation of the property:

- DCF method;
- income capitalization method.

DCF method

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

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 sq.m. 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 discount rate as published by the Dutch Central Bank.

Income capitalization method

Under the income capitalization method, a property's fair value is estimated based on the 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 sq.m. for renewals;
- reviewed rent per sq.m. (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 performed by independent professional appraisers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the property being valued. Market value property valuations will be prepared in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Standards, 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.

Further information on the methods and assumptions that were used by a.s.r. to estimate the fair value of the financial assets and liabilities and the fair value hierarchy is disclosed in the 2014 a.s.r. Consolidated Financial Statements in chapter 6.2.2 (C).

2.6 Investment property

Investment property is property held to earn rent or for capital appreciation or both. In some cases, a.s.r. is the owner-occupier of some investment 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 and equipment.

Investment property is primarily recognized using the fair value model. After initial recognition, a.s.r. remeasures all of its investment property 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 held for own use 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 held for own use: at the commencement of owner-occupation or at the start of developments initiated with a view to selling the property to a third party.

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

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

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

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

2.7 Property and equipment

Property held for own use

Property for own use comprises (land and office buildings) and is measured at fair value (revaluation model) based on annual valuations, performed by external, independent valuators with adequate professional expertise and experience in the specific location and categories of properties.

Accounting for borrowing costs attributable to the construction of property is the same as accounting for borrowing costs attributable to investment property. For details, see accounting policy 2.6.

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 chapter 2.6). 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. Positive revaluations, insofar as these result in the reversal of earlier write-downs on the same asset, are credited to the income statement. Decreases in the fair value, insofar these result in the reversal of prior positive revaluations of the same asset, are charged to the revaluation reserve. The revaluation reserve cannot be negative. All other decreases in fair value are accounted for 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:

(Expressed in years)

Components	Retail	Offices	Residential	Parking	Rural
Land	N.A.	N.A.	N.A.	N.A.	N.A.
Shell	40	50	50	50	50
Out layer	30	30	40	40	N.A.
Systems	15	20	20	30	N.A.
Fittings and fixtures	10	15	15	15	10

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.

If objective evidence of impairment exists, equipment is tested for impairment and if necessary, written down to the fair value of the equipment.

2.8 Segment information

At organizational level, a.s.r.'s operations have been divided into operating segments. These segments are the Non-life segment and Life segment where in all insurance activities are presented. The non-insurance activities are presented as 4 separate segments being the Banking and asset management, Distribution and services, Holding and other and Real estate development (Discontinued operations).

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 3, 'Segment information'.

2.9 Discontinued operations and assets and liabilities held for sale

Classification as held for sale occurs when the carrying amount will be 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 interim income statement and consolidated interim statement of comprehensive income have been restated to show the discontinued operations separately from the continuing operations.

3 Segment information

3.1 General

With effect from 1 January 2015 a.s.r. has made changes to its identified segments. The non-insurance activities are presented as 4 separate segments being the Banking and asset management, Distribution and services, Holding and other and Real estate development. The a.s.r. group distinguishes between the Non-life segment and the Life segment where in all insurance activities are presented which has remained unchanged.

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 6.39 as included in the 2014 consolidated financial statements for a list of principal group companies and associates in the relevant segments.

Non-insurance activities

- The Banking and asset management segment consists of all the banking activities and the activated related to asset management 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) and B.V. Nederlandse Hulpverleningsorganisatie SOS International.
- The segment Holding and other consists primarly 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 (discontinued operations) consists of the activities where property development occurs. These activities are performed in ASR Vastgoed Ontwikkeling N.V.

The eliminations applied in the reconciliation of the segment information with the consolidated balance sheet and the consolidated income statement are separately presented in chapter 3.2 and 3.3.

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

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

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

The operating profits of the segments are assessed on the basis of the segments' income statements.

3.2 Segmented balance sheet

As at 30 June 2015	Insurance		Non-insurance					
	Non-life	Life	Banking and asset manage-ment	Distribution and services	Holding and other	Real estate develop-ment (discon-tinued operations)	Eliminations	Total
Intangible assets	1	127	-	5	34	-	-	167
Property, plant and equipment	1	151	-	2	9	-	-	163
Investment property	343	2,291	-	-	-	-	-	2,634
Associates and joint ventures	-	3	-	-	15	-	-	18
Investments	4,716	17,538	326	-	2,569	-	-2,521	22,628
Investments on behalf of policyholders	-	8,540	-	-	-	-	-	8,540
Loans and receivables	327	8,252	854	10	78	-	-46	9,475
Derivatives	6	2,067	-	-	-	-	-	2,073
Deferred tax assets	-	-	-	-	454	-	-	454
Reinsurance contracts	421	-	-	-	-	-	-	421
Other assets	174	650	-46	2	17	-	-18	779
Cash and cash equivalents	191	1,982	82	32	82	-	-	2,369
Assets held for sale	-	-	-	-	-	94	-	94
Total assets	**6,180**	**41,601**	**1,216**	**51**	**3,258**	**94**	**-2,585**	**49,815**
Equity attributable to holders of equity instruments	1,261	3,476	43	18	-648	-73	-4	4,073
Non-controlling interests	-	9	-	-	-	-20	-9	-20
Total equity	**1,261**	**3,485**	**43**	**18**	**-648**	**-93**	**-13**	**4,053**
Subordinated debt	15	-	-	-	-	-	-15	-
Liabilities arising from insurance contracts	4,676	24,995	-	-	-	-	-2,133	27,538
Liabilities arising from insurance contracts on behalf of policyholders	-	10,148	-	-	-	-	-	10,148
Employee benefits	-	-	-	-	2,987	-	-	2,987
Provisions	-	20	1	2	8	-	-	31
Borrowings	2	45	-	1	26	-	-27	47
Derivatives	-	325	-	-	-	-	-	325
Deferred tax liabilities	76	-441	-	-	366	-	-1	-
Due to customers	103	901	1,117	12	-3	-	-372	1,758
Due to banks	-	1,684	-	-	250	-	-	1,934
Other liabilities	47	439	55	18	272	-	-24	807
Liabilities relating to assets held for sale	-	-	-	-	-	187	-	187
Total liabilities	**4,919**	**38,116**	**1,173**	**33**	**3,906**	**187**	**-2,572**	**45,762**
Total liabilities and equity	**6,180**	**41,601**	**1,216**	**51**	**3,258**	**94**	**-2,585**	**49,815**

3.2 Segmented balance sheet (continued)

As at 31 December 2014 (restated)	Insurance		Non-insurance					
	Non-life	Life	Banking and asset manage-ment	Distribution and services	Holding and other	Real estate develop-ment (discon-tinued operations)	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	-	8,333	-	-	-	-	-	8,333
Loans and receivables	428	7,922	797	10	111	23	-60	9,231
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 debt	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**

The comparative figures for 2014 have been restated as a result of the change in accounting policies (see chapter 2.2) and due to the change in the identified segments.

3.3 Segmented income statement

1H 2015	Insurance		Non-insurance					
	Non-life	Life	Banking and asset manage-ment	Distribution and services	Holding and other	Real estate develop-ment (discon-tinued operations)	Eliminations	Total
Continuing operations								
Gross premiums written	1,375	1,171	-	-	-	-	-70	2,476
Change in provision for unearned premiums	-194	-	-	-	-	-	-	-194
Gross insurance premiums	**1,181**	**1,171**	**-**	**-**	**-**	**-**	**-70**	**2,282**
Reinsurance premiums	-66	-4	-	-	-	-	-	-70
Net insurance premiums	**1,115**	**1,167**	**-**	**-**	**-**	**-**	**-70**	**2,212**
Investment income	65	574	58	-	7	-	-23	681
Realized gains and losses	53	331	1	-	-	-	-	385
Fair value gains and losses	10	818	-	-	-	-	-	828
Result on investments on behalf of policyholders	-	559	-	-	-	-	-	559
Fee and commission income	13	-	3	-	-	-	-	16
Other income	1	26	-	21	-	-	-	48
Share of profit/(loss) of associates and joint ventures	-	-	-	-	-	-	-	-
Total income	**142**	**2,308**	**62**	**21**	**7**	**-**	**-23**	**2,517**
Insurance claims and benefits	-850	-2,836	-	-	-	-	112	-3,574
Insurance claims and benefits recovered from reinsurers	42	4	-	-	-	-	-	46
Net insurance claims and benefits	**-808**	**-2,832**	**-**	**-**	**-**	**-**	**112**	**-3,528**
Operating expenses	-101	-95	-22	-17	-50	-	12	-273
Restructuring provision expenses	-5	-3	-	-	-	-	-	-8
Acquisition costs	-180	-9	-	-	-	-	-	-189
Impairments	-4	2	-	-	3	-	-	1
Interest expense	-	-79	-11	-	14	-	-56	-132
Other expenses	-4	-17	-24	-	-1	-	21	-25
Total expenses	**-294**	**-201**	**-57**	**-17**	**-34**	**-**	**-23**	**-626**
Profit before tax	**155**	**442**	**5**	**4**	**-27**	**-**	**-4**	**575**
Income tax expense	-33	-91	-1	-1	42	-	1	-83
Profit from continuing operations	**122**	**351**	**4**	**3**	**15**	**-**	**-3**	**492**
Discontinued operations								
Profit (loss) from discontinued operations net of tax	-	-	-	-	-	-93	-	-93
Profit for the period	**122**	**351**	**4**	**3**	**15**	**-93**	**-3**	**399**
Profit attributable to non-controlling interests	-	-	-	-	-	-2	-	-2
Profit attributable to holders of equity instruments	**122**	**351**	**4**	**3**	**15**	**-95**	**-3**	**397**

3.3 Segmented income statement (continued)

As at 30 June 2015	Insurance		Non-insurance					
	Non-life	Life	Banking and asset manage-ment	Distribution and services	Holding and other	Real estate develop-ment (discon-tinued operations)	Eliminations	Total
Continuing operations								
Gross premiums written	1,415	916	-	-	-	-	-81	2,250
Change in provision for unearned premiums	-198	-	-	-	-	-	-	198
Gross insurance premiums	**1,217**	**916**	**-**	**-**	**-**	**-**	**-81**	**2,052**
Reinsurance premiums	-65	-4	-	-	-	-	-	-69
Net insurance premiums	**1,152**	**912**	**-**	**-**	**-**	**-**	**-81**	**1,983**
Investment income	70	610	53	-	6	-	-17	722
Realized gains and losses	46	192	-	-	-	-	-	238
Fair value gains and losses	-1	70	-	-	-	-	-	69
Result on investments on behalf of policyholders	-	432	-	-	-	-	-	432
Fee and commission income	13	-	4	-	-	-	-	17
Other income	2	13	2	13	1	-	-6	25
Share of profit/(loss) of associates and joint ventures	-	5	-	-	-1	-	-	4
Total income	**130**	**1,322**	**59**	**13**	**6**	**-**	**-23**	**1,507**
Insurance claims and benefits	-907	-1,799	-	-	-	-	107	-2,599
Insurance claims and benefits recovered from reinsurers	52	3	-	-	-	-	-	55
Net insurance claims and benefits	**-855**	**-1,796**	**-**	**-**	**-**	**-**	**107**	**-2,544**
Operating expenses	-105	-90	-20	-10	-52	-	13	-264
Restructuring provision expenses	-8	-5	-1	-	-	-	-	-14
Acquisition costs	-186	-14	-	-	-	-	3	-197
Impairments	-	14	-	-	1	-	-	15
Interest expense	-1	-102	-10	-	-43	-	-41	-197
Other expenses	-7	-19	-22	-	-37	-	22	-63
Total expenses	**-307**	**-216**	**-53**	**-10**	**-131**	**-**	**-3**	**-720**
Profit before tax	**120**	**222**	**6**	**3**	**-125**	**-**	**-**	**226**
Income tax expense	-28	-50	-2	-1	33	-	-	-48
Profit from continuing operations	**92**	**172**	**4**	**2**	**-92**	**-**	**-**	**178**
Discontinued operations								
Profit (loss) from discontinued operations net of tax	-	-	-	-	-	-8	-	-8
Profit for the period	**92**	**172**	**4**	**2**	**-92**	**-8**	**-**	**170**
Profit attributable to non-controlling interests	-	-	-	-	-	1	-	1
Profit attributable to holders of equity instruments	**92**	**172**	**4**	**2**	**-92**	**-7**	**-**	**171**

The comparative figures for 2014 have been restated as a result of the change in accounting policies (see chapter 2.2) and due to the change in the identified segments and discontinued operations of the Real estate development segment.

3.4 Non-life ratios

Combined ratio segment Non-life	1H 2015	1H 2014
Claims ratio	68.8%	69.8%
Commission ratio	15.0%	15.0%
Cost ratio	8.7%	8.9%
Combined ratio	**92.5%**	**93.7%**
Combined ratio		
- Disability	88.7%	94.0%
- Health	92.7%	98.8%
- Property & Casualty	95.1%	90.0%

For the calculation of the claims ratio a total of € 41 million (2014: € 50 million) of interest in the technical provision has been eliminated from the total net insurance claims and benefits of € 808 million (2014: € 855 million).

For the calculation of the cost ratio the costs of internal investment, € 4 million (2014: € 3 million), has been eliminated from the operating expenses of € 101 million (2014: € 105 million).

4 Property (including land and buildings for own use)

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

30 June 2015	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Not measured on the basis of observable market data Level 3	Total fair value
Investment property - Fair value model				
Retail	-	-	587	587
Residential	-	-	745	745
Rural			1,072	1,072
Offices	-	-	169	169
Development investment property	-	-	7	7
Other	-	-	54	54
	-	**-**	**2,634**	**2,634**
Investments on behalf of policyholders:				
Investment property	**-**	**-**	**224**	**224**
Land and buildings for own use	**-**	**-**	**151**	**151**
Total	**-**	**-**	**3,009**	**3,009**

31 December 2014	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Not measured on the basis of observable market data Level 3	Total fair value
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	**-**	**-**	**240**	**240**
Land and buildings for own use	**-**	**-**	**133**	**133**
Total	**-**	**-**	**3,206**	**3,206**

The following table shows the movement in investment property measured at fair value (recurring basis) that are categorised within level 3.

	Investment property Held at fair value 2015	Investment property Held at fair value 2014
At 1 January	2,833	2,753
Changes in value of investments, realized/unrealized gains and losses:		
- Fair value gains and losses	-19	23
- Realised gains and losses	-	6
- Recognised in Other comprehensive income (unrealised gains and losses)	-	-
Investment property - Fair value model		
Purchases	68	205
Issues	1	-
Repayments	-	-
Sales	-264	-123
Reclassification of investments from/to Level 3 valuation technique	-	-
Transfer between investments on behalf of policyholders and investment property	16	-31
Other	-1	-
At 30 June (31 December 2014)	**2,634**	**2,833**

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.

5 Financial assets and derivatives

5.1 General

Financial assets and derivatives can be broken down as follows:

	30 June 2015	31 December 2014
Investments		
Available for sale	22,512	22,849
Investments at fair value through profit and loss	116	114
	22,628	**22,963**
Loans and receivables	9,475	9,231
Derivatives assets	2,073	3,435
Derivatives liabilities	-325	-387
Cash and cash equivalents	2,369	3,135
	13,592	**15,414**
Investments on behalf of policyholders		
At fair value through profit and loss	8,540	8,333
Total	**44,760**	**46,710**

The total derivatives have decreased in 2015 by € 1,300 million as a result of € 1,362 million decrease in the derivatives with a positive value and a decrease of € 62 million of derivatives with a negative value. This decrease in fair value can be attributed primarily to the interest-rate derivatives due the increase of the long term yields and restructuring of the interest rate derivatives portfolio as a result of risk mitigating measures.

5.2 Recurring fair value measurement of financial assets and derivatives

The breakdown of financial assets and derivatives recognized at fair value in accordance with the fair value hierarchy levels are as follows:

30 June 2015	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Not measured on the basis of observable market data Level 3	Total fair value
Investments available for sale				
Government bonds	10,390	1	-	10,391
Corporate bonds	8,735	506	-	9,241
Debt certificates covered by mortgage	375	-	-	375
Debt certificates covered by other assets	134	-	-	134
Unlisted equities	-	128	22	150
Listed equities	2,110	-	-	2,110
Other investments	111	-	-	111
	21,855	**635**	**22**	**22,512**
Investments at fair value through profit and loss				
Unlisted equities	-	-	55	55
Listed equities	61	-	-	61
	61	**-**	**55**	**116**
Derivatives				
Interest rate contracts	-	2,032	-	2,032
Equity index contracts	36	-	-	36
Inflation linked swaps	-	5	-	5
Total assets	**36**	**2,037**	**-**	**2,073**
Exchange rate contracts	-	-1	-	-1
Interest rate contracts	-	-324	-	-324
Total liabilities	**-**	**-325**	**-**	**-325**
	36	**1,712**	**-**	**1,748**
Cash and cash equivalents	**2,369**	**-**	**-**	**2,369**
Investments on behalf of policyholders				
Government bonds	1,276	-	-	1,276
Corporate bonds	1,780	-	-	1,780
Listed equities	3,519	-	-	3,519
Listed equity funds	1,614	-	-	1,614
Investment property	-	-	224	224
Other investments	-	127	-	127
	8,189	**127**	**224**	**8,540**
Total	**32,510**	**2,474**	**301**	**35,285**

5.2 Recurring fair value measurement of financial assets and derivatives (continued)

31 December 2014	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Not measured on the basis of observable market data Level 3	Total fair value
Investments available for sale				
Government bonds	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
Unlisted equities	-	139	35	174
Listed equities	1,987	-	-	1,987
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
Inflation linked swaps	-	-	-	-
Total assets	**17**	**3,418**	**-**	**3,435**
Exchange rate contracts	-	-1	-	-1
Interest rate contracts	-	-386	-	-386
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	1,825	-	-	1,825
Listed equities	2,827	-	-	2,827
Listed equity funds	1,896	-	-	1,896
Investment property	-	-	240	240
Other investments	-	172	-	172
	7,921	**172**	**240**	**8,333**
Total	**33,186**	**3,957**	**336**	**37,479**

The movement in the fair value of financial assets not based on observable market data (level 3 valuation technique).

	Investments at fair value through profit and loss 2015	Investments at fair value through profit and loss 2014	Investments available for sale 2015	Investments available for sale 2014
At 1 January	301	280	35	48
Changes in value of investments, realized/unrealized gains and losses:				
- Fair value gains and losses	-2	1	-	-
- Realized gains and losses	-	-	10	5
- Recognized in Other comprehensive income (unrealised gains and losses)	-	-	-8	4
Purchases	4	35	15	6
Issues		-		-
Repayments		-		-
Sales	-8	-48	-30	-7
Impairments	-	-	-	-21
Reclassification of investments from/to Level 3 valuation technique	-	-	-	-
Transfer between investments on behalf of policyholders and investment property	-16	31	-	-
Other	-	2	-	-
At 30 June (31 December 2014)	**279**	**301**	**22**	**35**

The unlisted equities in this category mainly consist of private equity investments. The main non-observable market input is the net asset value of the investment. An increase or decrease in the net asset value of the unlisted equities will have a direct proportional impact on the fair value of the investment.

Furthermore, investment property held on behalf of the policyholder is also included in the level 3 movements above.

6 Liabilities arising from insurance contracts

Insurance contracts with retained exposure can be broken down as follows:

	Gross		Of which reinsurance	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Provision for unearned premiums	613	419	13	10
Provision for claims (including IBNR)	4,063	4,152	408	409
Non-life insurance contracts	**4,676**	**4,571**	**421**	**419**
Life insurance contracts	**22,862**	**23,655**	**-**	**-**
Total liabilities arising from insurance contracts	**27,538**	**28,226**	**421**	**419**

Changes in liabilities arising from non-life insurance contracts can be broken down as follows:

	Gross		Of which reinsurance	
	2015	2014	2015	2014
Provision for unearned premiums				
At 1 January	419	414	10	5
Changes in provision for unearned premiums	194	4	2	6
Other changes	-	1	1	-1
Provision for unearned premiums as at 30 June 2015 (31 December 2014)	**613**	**419**	**13**	**10**
Provision for claims (including IBNR)				
At 1 January	4,152	3,826	409	402
Benefits paid	-848	-1,659	12	-85
Changes in provision for claims	850	1,750	-12	92
Changes in shadow accounting through equity	-91	235	-	-
Other	-	-	-1	-
Provision for claims (including IBNR) as at 30 June 2015 (31 December 2014)	**4,063**	**4,152**	**408**	**409**
Non-life insurance contracts as at 30 June 2015 (31 December 2014)	**4,676**	**4,571**	**421**	**419**

Changes in liabilities arising from life insurance contracts can be broken down as follows:

	2015	2014
At 1 January	23,715	19,766
Premiums received	782	818
Regular interest added	310	628
Realized gains and losses	915	753
Amortization of realized gains	-90	-98
Benefits	-634	-1,330
Technical result	-45	-3
Release of cost recovery	-67	-140
Changes in shadow accounting through equity	-585	1,172
Changes in shadow accounting through income	-1,316	2,487
Other changes	-68	-338
At 30 June 2015 (31 December 2014)	**22,917**	**23,715**
Interest margin participations to be written down		
At 1 January	-67	-87
Write-down recognized in profit and loss	9	20
At 30 June 2015 (31 December 2014)	**-58**	**-67**
Provision for discretionary profit-sharing, bonuses and discounts		
At 1 January	7	9
Profit-sharing, bonuses and discounts granted in the financial year	-4	-2
At 30 June 2015 (31 December 2014)	**3**	**7**
Total life insurance contracts at 30 June 2015 (31 December 2014)	**22,862**	**23,655**

7 Employee benefits

The employee benefits decreased by € 136 million to € 2,987 million (31 December 2014 € 3,123 million) primarily as a result of the remeasurements of the post-employment benefit obligation amounting to € 2,943 million which is included in the actuarial gains and losses. The remeasurements are primarily due to the increase in the discount rate from 2.0% at 31 December 2014 to 2.5% at 30 June 2015. The discount rate is based on the return (zero coupon rate) of high-quality corporate bonds (AA rating) and the duration of the pension obligation. The methods used for determining the post-employment benefit defined obligation and assumptions are consistent with those applied in 2014.

8 Acquisition

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. As a result the impact on a.s.r. balance sheet and profit for the period ended 30 June 2015 is limited.

9 Discontinued operations and assets held for sale and related liabilities

In June 2015, a.s.r. committed to a plan to sell the a.s.r. Real estate development activities (ASR Vastgoed Ontwikkeling N.V. including its subsidiaries, associates and joint arrangements). The results of the discontinued operations are as follows:

	1H 2015	1H 2014
Total income	47	40
Total expenses	-141	-51
Results before tax	**-94**	**-11**
Income tax (expense) / gain	1	3
Result for the period	**-93**	**-8**

As at 30 June 2015, the assets and liabilities held for sale related to the Real estate development activities and can be summarized as follows:

	30 June 2015
Associates and joint ventures	26
Deferred tax assets	1
Real estate developments	74
Other assets	-7
Total assets held for sale	**94**
Provisions	4
Borrowings	20
Other liabilities	163
Total liabilities related to assets held for sale	**187**

The cashflows, amounting to € 1 million, consists primarily of cashflows related to financing activities.

An impairment loss of 72 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.

10 Events after the balance sheet date

In May 2015, a.s.r. announced the acquisition of 100% of the shares in De Eendragt Pensioen N.V. 'De Eendragt' and Axent NabestaandenZorg N.V. 'Axent'. In the mean time the approval of the regulators for both acquisitions had been obtained. De Eendragt is a Dutch pension insurer and the closing took place on 17 July 2015. The closing for the transaction of Axent, a Dutch insurer focusing on funeral insurance, took place on 25 August 2015. a.s.r. will fully include the results and the balance sheet positions in the a.s.r. consolidated financial statements after closing date. As a result these activities are not included in the consolidated interim financial statements as of 30 June 2015. a.s.r. plans to fully integrate the portfolio and activities of De Eendragt and Axent into its own operations in due course.

The acquisition of De Eendragt and Axent tie in with a.s.r.'s strategy to strengthen its position in a consolidating Dutch insurance market. These two complementary acquisitions allow a.s.r. to maintain its robust capital position, while adding € 3.5 billion to its asset base.

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