IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached prospectus (the "Prospectus"), following this page, whether received via e-mail, accessed from an internet page or otherwise received as a result of electronic communication, and you are therefore advised to read this notice carefully before reading, accessing or making any other use of the attached Prospectus. The Prospectus has been prepared for the purposes of (i) a public offering in the Netherlands to institutional and retail investors, and (ii) a private placement to (a) investors outside the Netherlands and the United States of America (including its territories and possessions, any state of the United States and the District of Columbia, the "U.S." or "United States") pursuant to and in compliance with Regulation S under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") and subject to applicable exemptions from the prospectus requirements and (b) investors in the United States reasonably believed to be "qualified institutional buyers" ("QIBs") as defined in Rule 144A under the U.S. Securities Act ("Rule 144A"). In reading, accessing or making any other use of the Prospectus, you agree to be bound by the following terms and conditions and each of the restrictions set out in the Prospectus, including any modifications made to them from time to time, any time you receive any information from the Company, the Selling Shareholder, the Joint Global Coordinators, the Joint Bookrunners and the Co-Lead Manager (as each term is defined in the Prospectus) as a result of such access.

If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriately authorised independent financial adviser.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FORSALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE U.S. FOR OFFER OR SALE AS PART OF THEIR DISTRIBUTION, AND THE SECURITIES MAY NOT BE OFFEREDOR SOLD WITHIN THE U.S. UNLESS THE SECURITIES ARE REGISTERED UNDER THE U.S. SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT IS AVAILABLE.

THE ATTACHED PROSPECTUS IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN OR INTO AUSTRALIA, CANADA OR JAPAN.

THE ATTACHED PROSPECTUS WILL BE ACCESSIBLE IN ELECTRONIC FORMAT AND YOUACKNOWLEDGE THAT YOU RECEIVED THE ATTACHED PROSPECTUS IN A FORMAT THAT MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THEAPPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of Your Representation: In order to be eligible to view the attached Prospectus or make an investment decision with respect to the securities described therein, you and any customers you represent must be: (i) located outside the United States for the purposes of Regulation S under the U.S. Securities Act, *provided that* investors resident in a Relevant Member State of the European Economic Area other than the Netherlands must be a qualified investor (within the meaning of the Prospectus Directive) or an investor qualifying under available offering exemptions, or (ii) a QIB. You have accessed the attached Prospectus on the basis that you have confirmed to each of the Joint Global Coordinators, the Joint Bookrunners or the Co-Lead Manager being the sender or senders of the attached, that either: (A) you and any customers you represent are located outside the United States, and if you are resident in a Relevant Member State of the European Economic Area other than the Netherlands, you are a qualified investor or an investor qualifying under available offering exemptions, or (B) you and any customers you represent are QIBs and, in either case, that you consent to delivery of the attached Prospectus by electronic transmission.

The attached Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and, consequently, none of the Joint Global Coordinators, the Joint Bookrunners and the Co-Lead Manager, any person who controls any Joint Global Coordinator, Joint Bookrunner and the Co-Lead Manager, the Company, the Selling Shareholder or any of their respective subsidiaries or affiliates, nor any director, officer, employer, employee or agent of theirs, or affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from the Joint Global Coordinators, the Joint Bookrunners and the Co-Lead Manager .

You are reminded that the attached Prospectus has been delivered to you on the basis that you are a person into whose possession the attached Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this Prospectus to any other person. You will not transmit the attached Prospectus (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Joint Global Coordinators, the Joint Bookrunners and the Co-Lead Manager.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Global Coordinators, the Joint Bookrunners and the Co-Lead Manager or any affiliate of any of the Joint Global Coordinators, the Joint Bookrunners and the Co-Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Global Coordinators, the Joint Bookrunners or the Co-Lead Manager or such affiliate on behalf of the Company or the Selling Shareholder in such jurisdiction.

You should not reply by e-mail to this announcement, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the reply function on your e-mail software, may be ignored and rejected.

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

ASR Nederland N.V.

(a public company with limited liability (naamloze vennootschap) incorporated under the laws of the Netherlands, with its corporate seat in Utrecht, the Netherlands)

Admission to listing and trading on Euronext in Amsterdam and public offering of up to 60,000,000 Ordinary Shares

Stichting administratiekantoor beheer financiële instellingen (*NL Financial Investments*, "**NLFI**" or the "**Selling Shareholder**"), on behalf of the Dutch State, is offering up to 60,000,000 ordinary shares with a nominal value of €0.16 each (the "**Offer Shares**", which includes, unless the context indicates otherwise, the Over-Allotment Shares (as defined below)) in the share capital of ASR Nederland N.V. (the "**Company**", and together with its consolidated subsidiaries the "**Group**"). Assuming no exercise of the Over-Allotment Option (as defined below), the 52,200,000 Offer Shares will constitute approximately 35% of the issued ordinary shares with a nominal value of €0.16 each in the share capital of the Company (the "**Shares**").

The offering of the Offer Shares (the "**Offering**") consists of (i) a public offering in the Netherlands to institutional and retail investors and (ii) a private placement to certain institutional investors in various other jurisdictions. The Offer Shares are being offered: (i) within the United States of America (the "**US**"), to persons reasonably believed to be "qualified institutional buyers" ("**QIBs**") as defined in, and in reliance on, Rule 144A under the US Securities Act of 1933, as amended (the "**US Securities Act**"), or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, and applicable state and other securities laws of the US, and (ii) outside the US, where all offers and sales of the Offer Shares will be made in compliance with Regulation S under the US Securities Act ("**Regulation S**").

The Company will not receive any proceeds from the sale of the Offer Shares and the Over-Allotment Shares, if any, the net amount of which will be received by NLFI.

The price of the Offer Shares (the "Offer Price") is expected to be in the range of €18.00 to €22.00 (inclusive) per Offer Share (the "Offer Price Range")

The Offering will take place from 9:00 Central European Time ("**CET**") on 31 May 2016 until 14:00 CET on 9 June 2016 for prospective institutional investors and from 9:00 CET on 31 May 2016 until 17:30 CET on 8 June 2016 for prospective retail investors (the "**Offering Period**"), subject to acceleration or extension of the timetable for the Offering. The Offer Price Range is indicative. The Offer Price and the exact number of Offer Shares offered in the Offering will be determined by the Selling Shareholder (subject to the approval from the Dutch Minister of Finance) after the end of the Offering Period on the basis of a bookbuilding process and taking into account economic and market conditions, a qualitative and quantitative assessment of demand for the Offer Shares and other factors deemed appropriate. The Offer Price and the exact number of Offer Shares will be stated in a pricing statement (the "**Pricing Statement**") which will be published through a press release and filed with the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the "**AFM**"). Prior to allocation of the Offer Shares ("**Allocation**"), the number of Offer Shares can be increased or decreased and the Offer Price Range can be changed. Any increase of the top end of the Offer Price Range, or the determination of an Offer Price above the Offer Price Range, on the last day of the Offering Period will result in the Offering Period being extended by at least two business days; any increase of the top end of the Offer Price Range on the day prior to the last day of the Offering Period will result in the Offering Period being extended by at least one business day. In this case, if the Offering Period for Dutch Retail Investors (as defined below) would already have closed, this Offering Period for Dutch Retail Investors would be reopened. Accordingly, all investors, including Dutch Retail Investors, will have at least two business days to reconsider their subscriptions. Any such change in the number of Offer Shares and/or the Offer Price Range will be announced in a press release.

There will be a preferential allocation of Offer Shares to eligible retail investors in the Netherlands (the "**Preferential Retail Allocation**"). Each eligible retail investor in the Netherlands (each a "**Dutch Retail Investor**") will in principle be allocated the first 225 Offer Shares (or fewer) for which such investor applies, provided that if the total number of Offer Shares subscribed for by Dutch Retail Investors under the Preferential Retail Allocation would exceed 10% of the total number of Offer Shares, assuming full exercise of the Over-Allotment Option (as defined below), the preferential allocation to each Dutch Retail Investor may be reduced *pro rata* in respect of the first 225 of Offer Shares (or fewer) for which such investor applies. As a result, Dutch Retail Investors may not be allocated all of the 225 Offer Shares (or fewer) that they apply for. The exact number of Offer Shares allocated to Dutch Retail Investors will be determined after the Offering Period has ended. To be eligible for the Preferential Retail Allocation, Dutch Retail Investors must place their subscriptions during the period commencing on 31 May 2016 at 9:00 CET and ending on 8 June 2016 at 17:30 CET through financial intermediaries.

Prior to the Offering, there has been no public market for the Shares. Application has been made to list and admit all Shares to trading under the symbol "ASRNL" on Euronext in Amsterdam ("**Euronext in Amsterdam**"), a regulated market of Euronext Amsterdam N.V. ("**Euronext Amsterdam**"). Subject to acceleration or extension of the timetable for the Offering, trading in the Offer Shares is expected to commence on an "as-if-and-when-delivered" basis on Euronext in Amsterdam on or about 10 June 2016 (the "**First Trading Date**"). Payment (in euro) for, and delivery of, the Offer Shares ("**Settlement**") is expected to take place, on or about 14 June 2016 (the "**Settlement Date**"). If Settlement does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all subscriptions for Offer Shares will be disregarded, any allotments made will be deemed not to have been made and any subscription payments made will be returned without interest or other compensation. Any dealings in Offer Shares prior to Settlement are at the sole risk of the parties concerned. The Company, the Selling Shareholder, ABN AMRO Bank N.V. as listing and paying agent (the "**Listing and Paying Agent**"), the Underwriters (as defined below), the Financial Advisers (as defined below) and Euronext Amsterdam do not accept any responsibility or liability towards any person as a result of the withdrawal of the Offering or the (related) annulment of any transactions in Offer Shares.

INVESTING IN THE OFFER SHARES INVOLVES RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 1 OF THIS PROSPECTUS FOR A DESCRIPTION OF CERTAIN RISKS THAT SHOULD BE CAREFULLY CONSIDERED BEFORE INVESTING IN THE OFFER SHARES.

ABN AMRO Bank N.V., Citigroup Global Markets Limited and Deutsche Bank AG, London Branch, are acting as joint global coordinators (in such and any other capacity, the "**Joint Global Coordinators**") and, together with Barclays Bank PLC, Coöperatieve Rabobank U.A. (Rabobank), HSBC Bank plc and ING Bank N.V., as joint bookrunners for the Offering (the "**Joint Bookrunners**"). Joh. Berenberg, Gossler & Co. KG is acting as co-lead manager for the Offering (the "**Co-Lead Manager**" and, together with the Joint Global Coordinators and the Joint Bookrunners, the "**Underwriters**"). N M Rothschild & Sons Limited ("**Rothschild**") is acting as the financial adviser to the Selling Shareholder for the Offering and UBS Limited is acting as the financial adviser to the Company for the Offering (Rothschild and UBS Limited together, the "**Financial Advisers**").

The Offer Shares will be delivered in book-entry form through the facilities of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ("**Euroclear Nederland**").

The Selling Shareholder has granted the Joint Global Coordinators, on behalf of the Underwriters, an option (the "**Over-Allotment Option**"), exercisable within 30 calendar days after the First Trading Date, pursuant to which the Joint Global Coordinators, on behalf of the Underwriters, may require the Selling Shareholder to sell to the Underwriters at the Offer Price up to 7,800,000 additional Shares, comprising up to approximately 15% of the total number of Offer Shares sold in the Offering (the "**Over-Allotment Shares**"), to cover short positions resulting from any over-allotments made in connection with the Offering or stabilisation transactions, if any.

The Offering is only made in those jurisdictions in which, and only to those persons to whom, the Offering may be lawfully made. Potential investors in the Shares should carefully read "Selling and Transfer Restrictions" on page 336 of this Prospectus. The Company is not taking any action to permit a public offering of the Offer Shares in any jurisdiction outside the Netherlands.

The Offer Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state of the US, and may not be offered or sold within the US unless the Offer Shares are registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available.

This document constitutes a prospectus (the "**Prospectus**") for the purposes of article 3 of Directive 2003/71/EC of the European Parliament and of the Council, and amendments thereto (including those resulting from Directive 2010/73/EU) (the "**Prospectus Directive**") and has been prepared in accordance with Section 5:9 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and the rules promulgated thereunder. This Prospectus has been approved by and filed with the AFM.

Joint Global Coordinators and Joint Bookrunners

ABN AMRO **Citigroup** **Deutsche Bank**

Joint Bookrunners

Barclays **HSBC** **ING** **Rabobank**

Co-Lead Manager

Berenberg

Financial Adviser to the Selling Shareholder

Rothschild

Financial Adviser to the Company

UBS Investment Bank

Prospectus dated 30 May 2016

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SUMMARY

Summaries are made up of disclosure requirements known as 'Elements'. These Elements are numbered in Sections A–E (A.1–E.7).

This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary together with an indication that such Element is 'not applicable'.

Section A—Introduction and Warnings		
A.1	Introduction and warnings	This summary should be read as an introduction to the prospectus (the "**Prospectus**") relating to (i) the offering (the "**Offering**") by stichting administratiekantoor beheer financiële instellingen (*NL Financial Investments*, "**NLFI**" or the "**Selling Shareholder**"), on behalf of the Dutch State, of up to 60,000,000 ordinary shares (the "**Offer Shares**", which include, unless the context indicates otherwise, the Over-Allotment Shares (as defined below)), with a nominal value of €0.16 each in the share capital of ASR Nederland N.V. (the "**Company**", and together with its consolidated subsidiaries, the "**Group**"), and (ii) the admission to listing and trading of the Shares (as defined below) on Euronext in Amsterdam ("**Euronext in Amsterdam**"), a regulated market of Euronext Amsterdam N.V. ("**Euronext Amsterdam**"). Assuming no exercise of the Over-Allotment Option (as defined below), the 52,200,000 Offer Shares will constitute approximately 35% of the issued ordinary shares, with a nominal value of €0.16 each, in the share capital of the Company (the "**Shares**"). Any decision to invest in the Shares should be based on a consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States of the European Economic Area and other jurisdictions, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus, or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Shares.
A.2	Consent, indication, conditions and notice	Not applicable. The Company does not consent to the use of the Prospectus for subsequent resale or final placement of Offer Shares by financial intermediaries.
Section B—The Issuer		
B.1	Legal and commercial name of the Company	Legal name: ASR Nederland N.V. Commercial names: ASR Nederland N.V., AMEV Stad Rotterdam Verzekeringsgroep (ASR), ASR Verzekeringsgroep, ASR Nederland, a.s.r. and a.s.r. de nederlandse verzekerings maatschappij voor alle verzekeringen.

B.2	Domicile, legal form, legislation and country of incorporation	The Company is a public limited liability company (*naamloze vennootschap*) incorporated under the laws of, and is domiciled in, the Netherlands. The Company has its statutory seat in Utrecht, the Netherlands.
B.3	Key factors relating to the nature of the Group's operations and its principal activities	The Group is the second largest Non-life (excluding health insurance) and the sixth largest Life insurance provider in the Netherlands, as measured by gross written premiums ("**GWP**") in 2014, which is the latest period for which public information is available (*source: DNB*). The Group plans to continue to focus its insurance business on, in respect of its Non-life activities, Property & Casualty ("**P&C**"), Disability and Health insurance and, in respect of its Life activities, Pensions, Individual life and Funeral insurance, as well as the distribution of insurance products. The Group also offers certain banking and investment products and asset management services. Except for servicing a small Belgian funeral insurance portfolio, the Group operates exclusively in the Dutch market. In 2015, the Group recorded GWP of €4,092 million and an operating result (before tax) from continuing operations of €521 million. The Group's roots go back to 1720 with the foundation of '*N.V. Maatschappij van Assurantie, Discontering en Beleening der Stad Rotterdam anno 1720*' which on 21 June 1720 became the first listed insurance company in the Netherlands. The current company was formed in 2000 by the acquisition of ASR Verzekeringsgroep by the Fortis group. In the autumn of 2008, following the financial difficulties of the Fortis group and to prevent further disruption to the Dutch economy, the Dutch State acquired the Dutch entities of the Fortis group and caused Fortis to spin off Fortis Verzekeringen Nederland N.V., which now operates as ASR Nederland N.V. Although ASR Nederland N.V. was acquired by the Dutch State as a result of the nationalisation of the Fortis group, the Group has never received state aid. On 29 September 2011, the Dutch State transferred all of the Shares to NLFI in exchange for depositary receipts for those Shares. NLFI is responsible for managing the Shares and exercising all rights associated with these Shares under Dutch law, including the voting rights. Since the date of nationalisation, the Dutch Minister of Finance has indicated that the investment was intended to be temporary and that the Group was to be returned to the market as soon as reasonably possible. In November 2015, NLFI and the Dutch Minister of Finance concluded that all conditions for the privatisation of the Group had been met. In the following parliamentary debate in January 2016, the Dutch Parliament agreed to the exit strategy proposed by the Dutch Minister of Finance based on the advice of NLFI, after which the Dutch Minister of Finance formally asked NLFI and the Company to start the sale process through an initial public offering ("**IPO**"). The Group's operations are divided into six operating segments, including five core segments (Non-life, Life, Banking and asset management, Distribution and services, and Holding and other) and its Real estate development segment, which is in run-off. In the past, the Group's business mix shifted from being predominantly a Life-dominated business to having a greater focus on its Non-life business as measured in terms of GWP, and the trend has continued in recent years. Life GWP in 2013 was 42.5% of the Group's GWP, compared with 39.2% in 2015, excluding the effect of a large single-premium buy out of €370 million in 2015. The GWP of Life in 2015, including the effect of the large single-premium buy out, was 44.7% of the Group's GWP.

		Non-life: The Non-life segment is the Group's largest segment measured by GWP and comprises all types of Non-life insurance policies offered by the Group, which are organised into three insurance product lines: P&C, Disability and Health. In 2015, the Non-life segment accounted for 32.4% of the Group's operating result (before tax) and recorded €2,350 million in GWP, representing 57.4% of the Group's GWP. As at 31 December 2015, the equity of the Non-life segment amounted to €1,130 million. *Life:* The Life segment comprises three insurance product lines: Pensions, Individual life and Funeral. In 2015, the Life segment accounted for 83.3% of the Group's operating result (before tax). The Life segment recorded €1,828 million GWP, representing 44.7% of the Group's GWP, and €92 million of new business measured by annual premium equivalent ("**APE**") in 2015. As at 31 December 2015, the equity of the Life segment amounted to €3,678 million. *Banking and asset management:* The Banking and asset management segment comprises retail savings and investment services provided by ASR Bank N.V. and the Group's asset management and real estate asset management businesses, as well as mortgage lending services provided to retail customers and as part of the asset management services of the Group. The mortgage lending activities are originated by ASR Levensverzekering N.V. (the life segment), but serviced by ASR Hypotheken B.V., which is part of the Banking and asset management segment. The Banking and asset management segment is a relatively small part of the Group. In 2015, it accounted for 2.3% of the Group's operating result (before tax). As at 31 December 2015, ASR Bank N.V. was responsible for total AuM of €1,652 million. As at 31 December 2015, ASR Vastgoed Vermogensbeheer B.V. (real estate investment management) was responsible for total AuM of €4,215 million (of which €2,896 million was for the Group's own account). As at 31 December 2015, ASR Nederland Beleggingsbeheer N.V. (investment manager for external clients) was responsible for total AuM of €6,290 million, all for third parties. As at 31 December 2015, ASR Hypotheken B.V. (mortgages) was responsible for total AuM of €6,522 million, all for the Group's own account. As at 31 December 2015, the equity of the Banking and asset management segment amounted to €82 million. *Distribution and services:* The Distribution and services segment of the Group comprises the operations involving the distribution of insurance products, as well as additional services provided to intermediaries and policyholders, including outsourced services such as the provision of certain back-office functions. The Group believes that these services are synergistic to its Non-life insurance activities. The Distribution and services segment (not taking into account the results of SOS International which is treated as discontinued operations) accounted for 0.6% of the Group's operating result (before tax) in 2015. As at 31 December 2015, the equity of the Distribution and services segment amounted to €53 million not taking into account SOS International which was sold in the first quarter of 2016.

		Holding and other: The activities of the Holding and other segment consist primarily of the holding activities of the Group (including audit, group finance, group risk management, group balance sheet management, corporate communication and marketing) and other holding and intermediate holding companies, minority stakes in other businesses, as well as of certain pension obligations towards the Group's employees, though most pension related costs are allocated to the relevant business segment. In addition, the Holding and other segment serves as the employer for the Group's employees, but employment related costs, other than for employees that perform primarily holding-related activities, are generally allocated to the relevant business. A portion of the other costs incurred by the Holding and other segment are also recharged to the relevant segments, in proportion to where employees perform services or where activities are performed. The Holding and other segment is a cost centre and its negative contribution to the Group's operating result (before tax) in 2015 amounted to a loss of €93 million. As at 31 December 2015, the equity of the Holding and other segment amounted to €(655) million. *Real estate development:* The Real estate development segment (other than the discontinued operations) is in run-off and consists primarily of the Group's Leidsche Rijn Centrum project (including commitments and guarantees in respect thereof) and the Centrum Plan Waddinxveen project. The Group's other real estate development activities are classified as discontinued operations for all periods shown herein and are not included in the results of the Real estate development segment. The Group considers the activities of the Real estate development segment as non-core and currently intends to develop the segment's projects to their completion or dispose of the remaining activities or individual projects if it can do so on commercially attractive terms while not commencing any new projects. In April 2016, the Group sold part of the real estate development activities classified as discontinued operations. The results of the Real estate development segment are not reflected in the Group's operating result as the operations are in run-off. In 2015, the negative contribution of the Real estate development segment to the Group's profit (before tax) amounted to a loss of €93 million. As at 31 December 2015, the equity of the Real estate development segment amounted to €(16) million.
B.4a	Most significant recent trends affecting the Group and industries in which it operates	The Group believes that the following trends may significantly affect the Group's strategy and business model going forward: • Macroeconomic trends, low interest rates, economic and monetary environment; • Increasing regulation and supervision, including capital requirements; • Changing customer behaviour and increasingly informed customers; • Consolidation of intermediaries, growth of market share of mandated brokers and emergence of service providers; • Ongoing decline in most individual life markets; • Shift from the more capital-intensive defined benefits products to capital-light defined contribution products; and • Technological innovation.

B.5	Description of the Group and the Company's position within the Group	The Company is a holding company without direct business operations. The principal assets of the Company are the equity interests it directly or indirectly holds in the Group's operating subsidiaries and participations.
B.6	Persons who, directly and indirectly, have a notifiable interest in the Company's capital or voting rights	The Selling Shareholder is the only holder of Shares that holds a (direct or indirect) substantial interest (*substantiële deelneming,* i.e. a holding of at least 3% of the share capital or voting rights as defined in the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*)) in the Company as of the date of the Prospectus. As of the date of the Prospectus, all Shares in the share capital, and all voting rights, of the Company are held by the Selling Shareholder.
	Different voting rights	As sole holder of Shares, the Selling Shareholder does not have special voting rights. Each Share confers the right to cast one vote in the general meeting of the Company (the "**General Meeting**").
	Direct and indirect ownership of or control over the Company and nature of such control	The Selling Shareholder has issued, without the cooperation of the Company, exchangeable depositary receipts for Shares it holds to the Dutch State. As of the date of the Prospectus, the Dutch State is the sole owner of all issued exchangeable depositary receipts and therefore the Dutch State has an indirect economic interest of 100% in the Company. The Company is not aware of any arrangement that may, at a subsequent date, result in a change of control over it, except for the exercise of the right granted to Stichting Continuïteit ASR Nederland (the "**Foundation**") to subscribe for preferred shares of the Company ("**Preferred Shares**") pursuant to the call option agreement entered into by the Foundation and the Company on or prior to the Settlement Date (as defined below) (the "**Call Option Agreement**").
B.7	Selected historical key financial information	

IFRS Consolidated Financial Information

The selected financial information in the tables below has been extracted (i) in respect of the first three months of 2016 and 2015, from the unaudited condensed consolidated interim financial statements of the Group as of and for the three months ended 31 March 2016 which includes comparative information as of and for the three months ended 31 March 2015 and (ii) in respect of the years 2015, 2014 and 2013, from the audited consolidated financial statements of the Group as of and for the year ended 31 December 2015, which includes comparative information as of and for the years ended 31 December 2014 and 31 December 2013 (together, the "**Historical Financial Information**"). To enhance the comparability of financial information set out in the Prospectus across reporting periods and balance sheet dates, the Historical Financial Information and the financial information contained in the Prospectus for financial years 2014 and 2013 was prepared on the basis of the accounting policies effective as of 1 January 2015, and to give effect to other subsequent developments, as further described below. The information in respect of the 2014 and 2013 financial years included herein and in the Historical Financial Information should be read in conjunction with the Group's audited consolidated financial statements as of and for the years ended 31 December 2014 and 2013 incorporated by reference in the Prospectus.

The Historical Financial Information was prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union ("**IFRS**") and with Part 9, Book 2 of the Dutch Civil Code, and should be read in conjunction with the accompanying notes thereto and the auditor's report thereon. The historical results of the Group are not necessarily indicative of the results that might be expected for future periods.

Effective 1 January 2015, the Group implemented the following three changes in its accounting policies:

- Accounting for policy acquisition costs: for life products, policy acquisition costs are now recognised directly through profit or loss when incurred, instead of being deferred and amortised over the duration of the relevant insurance contract. The Group believes that this change better reflects the recent changes in legislation for these types of products. For Non-life products, prepaid policy acquisition costs which were previously included in deferred acquisition costs are now included in other assets, and these costs are incurred as a percentage of the premium earned, generally within one year;
- Measurement of investment property: investment property is now being carried at fair value instead of at cost; and
- Measurement of property for own use: property for own use is now being carried at fair value instead of at cost.

In accordance with IFRS, the changes in accounting policies for acquisition costs and investment property were applied retrospectively, while the change in accounting policy for property for own use was applied as a revaluation adjustment as at 1 January 2015. These changes in accounting policies resulted in an increase in total equity of €75 million as at 31 December 2015, €682 million as at 31 December 2014 and €642 million as at 31 December 2013, as well as an increase in profit after tax of €71 million in 2015 and €42 million in 2014 as well as a decrease in profit after tax of €34 million in 2013.

Income Statement Information

	For the three months ended 31 March		For the year ended 31 December		
	2016	**2015**	**2015**	**2014[1]**	**2013[1]**
	(in millions of euros) (unaudited)		(in millions of euros)		
Gross written premiums	1,626	1,649	4,092	3,787	3,923
Change in provision for unearned premiums	(256)	(247)	16	(4)	1
Gross insurance premiums	**1,370**	**1,402**	**4,108**	**3,783**	**3,924**
Reinsurance premiums	(31)	(36)	(343)	(140)	(164)
Net insurance premiums	**1,339**	**1,366**	**3,765**	**3,643**	**3,760**
Investment income	324	336	1,360	1,432	1,500
Realised gains and losses[2]	56	139	716	451	373
Fair value gains and losses[2]	(1)	382	922	565	304
Result on investments on behalf of policyholders	(171)	847	559	841	767
Fee and commission income	19	10	52	35	45
Other income	116	50	85	203	181
Share of profit/(loss) of associates and joint ventures	3	—	1	4	15
Total income	**346**	**1,764**	**3,695**	**3,531**	**3,185**
Insurance claims and benefits	(1,127)	(2,616)	(5,541)	(5,197)	(5,113)
Insurance claims and benefits recovered from reinsurers	24	25	291	100	110
Net insurance claims and benefits	**(1,103)**	**(2,591)**	**(5,250)**	**(5,097)**	**(5,003)**
Operating expenses[3]	(135)	(131)	(575)	(524)	(529)
Restructuring provision expenses	(3)	(5)	(30)	(28)	(24)
Acquisition costs[4]	(91)	(95)	(369)	(387)	(427)
Impairments[2]	11	1	29	(101)	(39)
Interest expenses	(70)	(63)	(243)	(315)	(357)
Other expenses[2]	(36)	(30)	(242)	(188)	(249)
Total expenses	**(324)**	**(323)**	**(1,430)**	**(1,543)**	**(1,625)**

	For the three months ended 31 March		For the year ended 31 December		
	2016	**2015**	**2015**	**2014[1]**	**2013[1]**
	(in millions of euros) (unaudited)		(in millions of euros)		
Profit before tax	**258**	**216**	**780**	**534**	**317**
Income tax benefit (expense)[2],[4]	(58)	(30)	(150)	(108)	(74)
Profit from continuing operations	**200**	**186**	**630**	**426**	**243**
Profit (loss) from discontinued operations[5]	13	—	(26)	(5)	(1)
Profit for the period	**213**	**186**	**604**	**421**	**242**
Non-controlling interests[6]	1	(2)	(3)	2	5
Profit attributable to holders of equity instruments	**214**	**184**	**601**	**423**	**247**

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "—IFRS Consolidated Financial Information" above.

(2) Changes in accounting policies with respect to investment property made in 2015 resulted in the following material adjustments to the reported figures stated in the Group's audited consolidated financial statements as of and for the years ended 31 December 2014 and 2013:

(i) Realised gains and losses decreased by €46 million in 2014 and €113 million in 2013 due to the subsequent sale of properties carried at fair value.

(ii) Fair value gains and losses increased by €32 million in 2014 and decreased by €44 million in 2013 as a result of the revaluation of properties at fair value.

(iii) Impairments decreased by €17 million in 2014 and €52 million in 2013 due to a reversal of impairments booked on investment property previously carried at cost.

(iv) Other expenses decreased by €29 million in 2014 and €32 million in 2013 as a result of depreciation charges related to investment property previously carried at cost.

(v) These changes in accounting policies also resulted in a tax charge of €7 million in 2014 and a tax saving of €18 million in 2013.

(3) The operating expenses for 2011 amounted to €603 million and for 2012 amounted to €567 million.

(4) Changes in accounting policies with respect to acquisition costs made in 2015 resulted in the following adjustments to the reported figures stated in the Group's audited consolidated financial statements as of and for the years ended 31 December 2014 and 2013:

(i) Acquisition costs decreased by €26 million in 2014 and €28 million in 2013 due to a decline in amortisation of deferred acquisition costs from prior years and the immediate expensing of commissions incurred in 2014 and 2013.

(ii) These changes in accounting policies also resulted in a tax charge of €7 million in 2014 and a tax charge of €8 million in 2013.

(5) The classification of SOS International and a part of the Real estate development segment as discontinued operations resulted in the following adjustments to the reported figures stated in the Group's audited consolidated financial statements as of and for the years ended 31 December 2014 and 2013: Investment income decreased by €1 million (2013: €0 million); other income decreased by €32 million (2013: decreased by €24 million); share of profit/(loss) of associates and joint ventures increased by €8 million (2013: increased by €1 million); operating expenses decreased by €17 million (2013: decreased by €18 million); other expenses decreased by €13 million (2013: decreased by €6 million). The net impact was an increase of €5 million to profit after tax (2013: increase of €1 million to profit after tax).

(6) The Non-controlling interest relates to joint ventures within the segment Real estate development and in discontinued operations regarding joint development projects.

Balance Sheet Information

	As of 31 March	As of 31 December		
	2016	2015	2014(1)	2013(1)
	(in millions of euros) (unaudited)	(in millions of euros)		
Intangible assets	268	272	139	253
Deferred acquisition costs(2)	—	—	—	—
Property, plant and equipment	169	166	140	97
Investment property(3)	2,644	2,667	2,833	2,759
Associates and joint ventures	21	20	42	42
Investments	26,200	25,063	22,963	19,688
Investments on behalf of policyholders	7,571	7,924	7,957	7,705
Loans and receivables	10,861	10,486	9,607	8,794
Derivatives	3,627	2,196	3,435	1,054
Deferred tax assets(2),(3)	513	516	247	14
Reinsurance contracts	612	611	419	407
Other assets(2),(3)	671	711	737	718
Cash and cash equivalents	4,310	2,628	3,135	1,521
Assets held for sale	80	78	—	—
Total assets	**57,547**	**53,338**	**51,654**	**43,052**
Share capital	100	100	100	100
Share premium reserve	962	962	962	962
Unrealised gains and losses	656	686	737	581
Actuarial gains and losses	(707)	(467)	(634)	(107)
Other reserves	2,293	1,692	1,440	1,377
Profit for the period	214	601	423	247
Total equity attributable to shareholders	**3,518**	**3,574**	**3,028**	**3,160**
Other equity investments	701	701	701	515
Equity attributable to holders of equity instruments(2),(3)	**4,219**	**4,275**	**3,729**	**3,675**
Non-controlling interests	(17)	(16)	(20)	(18)
Total equity	**4,202**	**4,259**	**3,709**	**3,657**
Subordinated liabilities—Total	497	497	—	—
Liabilities arising from insurance contracts(2)	33,422	30,573	28,226	23,893
Liabilities arising from insurance contraction on behalf of policy holders	9,726	9,997	9,779	8,992
Employee benefits	3,180	2,962	3,123	2,426
Provisions	55	50	38	36
Borrowings	53	55	117	98
Derivatives	582	377	387	535
Due to customers	1,866	1,760	1,949	1,366
Due to banks	2,954	1,804	3,277	677
Other liabilities	983	966	1,049	1,372
Liabilities held for sale	27	38	—	—
Total liabilities	**53,345**	**49,079**	**47,945**	**39,395**
Total liabilities and equity	**57,547**	**53,338**	**51,654**	**43,052**

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "—IFRS Consolidated Financial Information" above.

(2) Changes in accounting policies with respect to acquisition costs made in 2015 resulted in the following adjustments to the reported figures stated in the Group's audited consolidated financial statements as of and for the years ended 31 December 2014 and 2013:

(i) Deferred acquisition costs decreased by €213 million in 2014 and €241 million in 2013 because acquisition costs are now recognised directly through profit or loss when incurred instead of being deferred and amortised over the duration of the applicable insurance contracts. In addition, prepaid commissions for Non-life products which were previously included in deferred acquisition costs are now included in other assets.

(ii) Other assets increased by €56 million in 2014 and €57 million in 2013 as prepaid commissions for Non-life products which were previously included in deferred acquisition costs are included in other assets.

(iii) Liabilities arising from insurance contracts increased by €3 million in 2014 and €4 million in 2013.

(iv) Equity attributable to holders of equity instruments decreased by €122 million in 2014 and €142 million in 2013 due to the fact that all costs incurred to acquire insurance (acquisition costs) will be charged directly to the income statement.

(v) The tax effect of these changes resulted in the deferred tax assets increasing by €38 million in 2014 and €46 million in 2013.

(3) Changes in accounting policies with respect to investment property made in 2015 resulted in the following adjustments to the reported figures stated in the Group's audited consolidated financial statements as of and for the years ended 31 December 2014 and 2013:

(i) Investment property increased by €1,069 million in 2014 and €1,042 million in 2013 as a result of the revaluation at fair value.

(ii) Other assets increased by €4 million in each of 2014 and 2013.

(iii) Equity attributable to holders of equity instruments increased by €804 million in 2014 and €784 million in 2013 due to the increase in fair value of investment property.

(iv) The tax effect of these changes resulted in the deferred tax liabilities increasing by €269 million in 2014 and €260 million in 2013.

Statement of Cash Flows Information

	For the three months ended 31 March		For the year ended 31 December		
	2016	2015	2015	2014	2013
	(in millions of euros) (unaudited)		(in millions of euros)		
Cash and cash equivalents as at the beginning of the period	2,631	3,135	3,135	1,521	2,556
Cash flows from operating activities	1,681	1,856	(485)	1,683	(811)
Cash flows from investing activities	(4)	(49)	(293)	(67)	(62)
Cash flows from financing activities	3	(37)	274	(2)	(162)
Cash and cash equivalents as at period-end	**4,311**	**4,905**	**2,631**	**3,135**	**1,521**
Of which cash and cash equivalents classified as held for sale[1]	1	—	3	—	—

(1) In line with IFRS accounting requirements, the statement of cash flows numbers are restated for all operations that were classified as discontinued at 31 March 2016 (which are the same operations that were classified as discontinued at 31 December 2015). The classification to discontinued operations resulted in the following adjustments to the reported figures stated in the Group's audited consolidated financial statements as of and for the years ended 31 December 2014 and 2013: €0 and €1 million, respectively.

Key Performance Indicators and Non-IFRS Financial Measures

The Prospectus presents certain financial measures that are not measures defined under IFRS, including operating results. These non-IFRS financial measures are not measures of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. In addition, such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies. Because these non-IFRS financial measures are not defined under IFRS, other companies may calculate them in a different manner than the Group which limits their usefulness as comparative measures. The Group believes that these non-IFRS measures are important to understand the Group's performance and capital position.

Operating Results

Operating results are calculated by adjusting profit before tax reported in accordance with IFRS, as adjusted for the changes in accounting policies and for the following items (the "**Incidental Items**"): (i) investment income of an incidental nature (including capital gains and losses, impairments and fair value changes) on financial instruments held for own use, net of applicable shadow accounting and net of additional provisions recognised for realised gains and losses on financial assets ("compensation of realised capital gains") impact; (ii) changes in the insurance reserves related to a change in methodology which has an impact of more than €10 million; (iii) results of non-core operations (including the Real estate development segment); and (iv) other non-recurring or one-off items, which are not related to the core business and/or ongoing business of the Group, such as restructuring costs, changes in the own pension arrangements and expenses related to the privatisation of the Group.

Reconciliation of Operating Results to IFRS Profit Before Tax

	For the three months ended 31 March		For the year ended 31 December		
	2016	2015	2015	2014[1]	2013[1]
	(in millions of euros) (unaudited)		(in millions of euros) (unaudited, unless indicated otherwise)		
Profit before tax	**258**	**216**	**780**[2]	**534**[2]	**317**[2]
Incidental results of investments:					
Capital gains[3]	(10)	(36)	(194)	(156)	(174)
Impairment[4]	(11)	(1)	(12)	(13)	39
Unrealised capital gains[5]	(19)	(37)	(165)	(48)	77
Total incidental results of investments	**(40)**	**(74)**	**(372)**	**(217)**	**(58)**
Other incidental items:					
Restructuring costs[6]	3	5	30	28	24
Start-up costs[7]	(1)	2	7	7	1
Impact own pension plan[8]	(107)	1	(40)	(78)	(27)
Shareholder and exit costs[9]	4	5	24	13	8
VOBA impairment[10]	—	—	—	93	—
Result of non-core operations[11]	8	(1)	92	11	66
Other[12]	7	(26)	(1)	26	1
Total other incidental items	**(86)**	**(14)**	**113**	**100**	**73**
Operating result	**132**	**128**	**521**	**417**	**332**
of which Non-life	32	34	169	155	(35)
of which Life	121	102	434	349	446
of which Banking and asset management	—	4	12	7	4
of which Distribution and services	8	3	3	2	1
of which Holding and other	(30)	(17)	(93)	(102)	(84)
of which Eliminations[13]	1	2	(4)	6	—

(1) On the basis of accounting policies adopted in 2015. For more information, see "—IFRS Consolidated Financial Information" above.

(2) Figures for 2015 audited; figures for 2014 and 2013 extracted or derived from audited financial statements.

(3) An adjustment is made to reverse the capital gains and losses on the investment portfolio against which no compensation through the technical provision is applied and which are recognised in the income statement when incurred. Capital gains on fixed income securities were €6 million in the first quarter of 2016 (first quarter of 2015: €18 million). Capital gains on equity securities were €4 million in the first quarter of 2016 (first quarter of 2015: €17 million). Capital gains on fixed income securities were €42 million in 2015 (2014: €61 million; 2013: €90 million). Capital gains on equity securities were €149 million in 2015 (2014: €96 million; 2013: €85 million).

(4) A reversal of impairments on the fixed income portfolio to the value of €16 million occurred in the first quarter of 2016 mainly as a result of the reversal of previously impaired corporate bonds (€11 million) and €1 million in the first quarter of 2015. Equity securities valued at €1 million were impaired in the first quarter of 2016 (first quarter of 2015: nil). Furthermore, trade and other receivables were impaired for an amount of €4 million in the first quarter of 2016 (first quarter of 2015: reversal of €1 million). A reversal of impairments on the fixed income portfolio to the value of €35 million occurred in 2014 (2013: reversal of €46 million). Equity securities to the value of €26 million were impaired in 2014 (2013: €14 million). An amount of €63 million relating to loans and receivables and term due to credit institutions including, amongst others, SNS Reaal (€28 million) and partners and intermediaries (€26 million) were impaired in 2013. Furthermore, a reversal of impairments on mortgage loans occurred in 2013 (€14 million), whereas impairments were booked on property for own use in 2013 (€21 million).

(5) The unrealised capital gains and losses of fair value investments through profit or loss, including the impact of shadow accounting, are reversed in a similar method to the capital gains and losses. The Group's shadow accounting policy, as permitted under IFRS, refers to the process whereby adjustments are made to the insurance liability to reflect the unrealised gain or loss from the financial instruments backing these insurance liabilities. These shadow adjustments are recognised in the same line item as the corresponding movement on the investment. Recognising and presenting changes in the value of financial instruments backing insurance liabilities and on the related insurance liabilities themselves in this consistent manner helps to reduce potential accounting mismatches. Unrealised capital gains reported through the income statement turned positive in 2014, after losses in 2013 mainly in fixed income securities and investment properties reflecting, respectively, the lower interest environment and the recovery of real estate markets.

(6) The first quarter of 2016 includes €3 million of restructuring costs involving 21 FTEs and the first quarter of 2015 includes €5 million of restructuring costs involving 36 FTEs. In 2015, €30 million of restructuring costs involving 218 FTEs was included; in 2014 €28 million of restructuring costs was included for provisions related to various reorganisations involving 207 FTEs; and in 2013 provisions were set up for an amount of €24 million involving 170 FTEs. The provisions for staff restructuring are based on arrangements agreed in the Group's collective labour agreement, restructuring plans, and on decisions made by management of the Group.

(7) In each period, reflects start-up costs related to Solid Mortgages B.V., which is a project that the Company is no longer pursuing, and therefore costs associated with this project are considered non-core.

(8) For the first quarter of 2016, the €107 million adjustment was mainly due to a change in indexation assumptions applied in calculating the IAS 19 defined benefit obligation for inactive members. For 2015, the €40 million adjustment consists of €30 million of surplus interest (mainly capital gains) attributable to the (own) pension plan. This is not considered investment income as the Group expects this to be needed to fund the indexation of its pension liability in the future. The remaining €10 million relates to a settlement in 2015 between the Holding segment and the Life segment which was erroneously not eliminated at December 2014. The Group did not retrospectively adjust for the error detected. In 2014, the Group adjusted the indexation arrangements of inactive members, making a change from unconditional indexation of claims to conditional indexation for a large part of inactive members, with the result that €78 million was released from the IAS19 provision. In 2013 the accrual rate for the pension changed to 1.9% for all active members in the pension plan as per 1 January 2014 (*Witteveen-kader*). This change was reflected in the €27 million positive result on past service cost.

(9) In each period, reflects costs charged by NLFI; in 2014 and 2013 also costs related to earlier Group privatisation processes are included.

(10) In 2014, a €93 million impairment of value of business acquired ("**VOBA**") was recognised given the structural market developments in the Life portfolios containing unit-linked policies.

(11) Profit before tax of the Real estate development segment (other than discontinued operations). Since the Group no longer classifies its real estate development business as one of its core activities and since the Real estate development segment is in run-off, its results are excluded from the operating result of the Group.

(12) In the first quarter of 2016, the balance of €6 million is related to a provision for VAT for the past five years. The balance of the first quarter of 2015 mainly consisted of a gain of €25 million as a result of the revisiting and closing of several aged suspense account items with respect to former pension plans. For 2014, the amount primarily reflects provisions of €18 million for a claim incurred from pensioners (own employees) who disagree with the abolishment of discounts on health insurance policies. Furthermore, it relates to a one-off payment by the Group of €14 million to its employees for the increase of the pension age from 65 to 67. These expenses were partly offset by a €7 million compensation for the termination of a redevelopment agreement in respect of a real estate development project.

(13) Adjustment relates to intersegmental eliminations.

Key Performance Indicators

	For the three months ended 31 March		For the year ended 31 December		
	2016	2015	2015	2014[(1)]	2013[(1)]
	(in millions of euros, unless indicated otherwise) (unaudited)		(in millions of euros, unless indicated otherwise) (unaudited, unless indicated otherwise)		
Non-life segment					
Gross written premiums[(2)]	841	830	2,350	2,359	2,392
Combined ratio*[(3)]	96.0%	96.5%	95.0%	94.8%	104.9%
Life segment					
Gross written premiums[(2)]	843	874	1,828	1,543	1,666
New business profitability[(4)]:					
NB RaRoRac*	n/a	n/a	5.5%	n/a	n/a
VANB*	n/a	n/a	6	(17)	7
Operating expenses[(5)]	48	45	205	178	194
Other segments					
Banking and asset management—Operating result growth*[(6)]	(100)%	n/a	71%	75%	n/a
Distribution and services—Operating result growth*[(6)]	167%	n/a	50%	100%	n/a
Group					
Net result[(7)]	214	184	601[(8)]	423[(8)]	247[(8)]
Operating result*[(9)]	132	128	521	417	332
Operating costs*[(10)]	130	123	538	485	510
Return on equity (ROE)*[(11)]	23.2%	21.4%	17.2%	11.0%	7.1%
Operating return on equity (Operating ROE)*[(12)]	12.6%	14.8%	13.9%	11.7%	9.0%
DNB Solvency I ratio**[(13)] (as at period end)	n/a	n/a	305%[(8)]	285%[(8)]	268%[(8)]
Solvency II ratio (mid-point estimate as at period end based on standard formula)**[(14)]	~185%	n/a	185%	169%	n/a
Interest coverage ratio*[(15)] (as at period end)	15.0	16.1	14.6	11.2	7.2
Operating interest coverage ratio*[(16)] (as at period end)	7.8	9.6	9.8	8.8	7.5
Financial leverage ratio*[(17)] (as at period end)	25.4%	n/a	25.1%	23.9%	14.0%
Double leverage ratio*[(18)]	105.5%	n/a	101.9%	121.0%	116.9%

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

** Regulatory ratio.

(1) On the basis of accounting policies adopted in 2015.

(2) The full amount of premiums (both earned and unearned) for insurance contracts written or assumed during the period, without deductions for premiums ceded to reinsurers.

(3) The sum of Non-life insurance net claims and benefits (net of interest accrual on reserves, compensation of realised capital gains and prudence margin for Health), net fee and commission expense and operating expense (excluding investment costs), expressed as a percentage of net earned premiums.

(4) Valued Added by New Business ("**VANB**") and Risk Adjusted Capital On New Business ("**NB RaRoRac**") represent the value added by new business written in the reporting period based on discounted future cash flows and do not include future new business. In comparison to VANB, NB RaRoRac not only takes into account the required capital on insurance, counterparty and operational risks, but also takes into account the required capital on market risk (i.e. interest rate risk; credit risk; equity price risk and property risk). Both measures are calculated for internal management purposes on a quarterly basis using the quarter-end economic assumptions, except for the single premium business which is valued using economic assumptions at point of sale. Most operating assumptions are updated on a yearly basis, except for inflation and initial expenses which are updated on a quarterly basis. Since most operating assumptions are set on a yearly basis, only full-year VANB and NB RaRoRac numbers are presented in the table above. A positive VANB means that the after-tax return on new business written (excluding investment returns), based on the assumptions applied, is expected to exceed the risk free return plus cost of capital. The NB RaRoRac is presented as a percentage of the required capital with regard to the new production and is compared to the internal hurdle rate based on the risk free return plus cost of capital. From 2015 onwards, the Group uses NB RaRoRac to measure new business profitability. For 2013, 2014 and 2015 the Group measured new business profitability by VANB.

(5) Expenses associated with the segment's operations that are directly attributable to the reporting period, such as marketing costs, information technology expenses, consulting fees, business accommodation expenses, cost of temporary staff, and depreciation charges. Personnel expenses are mainly comprised of salaries, social security contributions and pension costs.

(6) The percentage at which operating result grew in a given period for the segment presented (including contributions from acquisitions), relative to the previous period.

(7) Net profit for the period attributable to holders of equity instruments reported in accordance with IFRS. Since amounts attributable to non-controlling interests are excluded from net result, the net result differs from the profit for the period.

(8) Figures for 2015 audited; figures for 2014 and 2013 extracted or derived from audited financial statements.

(9) Profit before tax reported in accordance with IFRS, adjusted for changes in accounting policies and Incidental Items. For more information, see "—Reconciliation of Operating Results to IFRS Profit Before Tax" above.

(10) Operating expenses reported in accordance with IFRS, adjusted on the same basis as operating results, i.e. for changes in accounting policies and Incidental Items. For more information, see "—Reconciliation of Operating Results to IFRS Profit Before Tax" above.

(11) Calculated as restated profit attributable to holders of equity instruments minus interest on hybrid instruments (net of taxes), divided by average equity (excluding hybrid instruments). The quarterly return on equity for the three months ended 31 March 2016 and 2015 was annualised by multiplying by four. The quarterly number used in annualising the return on equity is not necessarily representative of the return on equity for the remaining three quarters of the relevant year.

(12) Calculated as operating result after costs of hybrid capital (net of 25% taxes and penalty interest payments), divided by average equity (excluding (i) hybrid instruments; (ii) unrealised gains and losses reserve and (iii) equity attributable to the Real estate development segment (both continuing and discontinued operations) and SOS International. The quarterly operating return on equity for the three months ended 31 March 2016 and 2015 was annualised by multiplying by four. The quarterly number used in annualising the operating return on equity is not necessarily representative of the operating return on equity for the remaining three quarters of the relevant year.

(13) Available solvency capital as percentage of required solvency capital, both as defined in the Insurance Groups Directive of the EU (98/78/EC) (using the Dutch Central Bank ("**DNB**") swap curve including the ultimate forward rate ("**UFR**"). With effect as of 1 January 2016, Solvency II replaced Solvency I.

(14) The Solvency II ratio (mid-point estimate) is calculated by the ratio of available capital to required capital measured by using the standard formula under the Solvency II regulatory framework. Due to inherent uncertainties, the presented Solvency II ratio could vary. The Solvency II ratio presented could vary by a bandwidth of −10 percentage points to +10 percentage points relative to the mid-point estimate. The Solvency II ratios shown reflect the deduction of proposed dividends in respect of the relevant year. The manner in which Solvency II numbers are to be calculated underwent a number of changes during the development and finalisation of Solvency II regulatory requirements. As the methodology used to calculate the Solvency II ratio changed during 2015, the Solvency II ratio for 2014 should not be directly compared to the Solvency II ratio for 2015. In light of the changes in methodology, no Solvency II ratio is included for 2013. Although the Group does not disclose quarterly Solvency II ratios it estimates that the Solvency II ratio as at 31 March 2016 will be within the same bandwidth as the Solvency ratio as at 31 December 2015.

(15) Profit before tax (excluding interest expenses on debt securities) / Total interest expenses on debt securities.

(16) Operating result before tax (excluding interest expenses on debt securities) / Total interest expenses on debt securities.

(17) Calculated as financial leverage (i.e. outstanding hybrid instruments and senior loans) divided by financial leverage plus equity attributable to shareholders.

(18) Calculated as total equity value of the subsidiaries divided by Group equity, plus hybrid instruments.

B.8	Selected key pro forma financial information	Not applicable. No pro forma financial information has been included in the Prospectus.
B.9	Profit forecast	Not applicable; the Company has not issued a profit forecast.
B.10	Historical audit report qualifications	Not applicable; there are no qualifications.
B.11	Working capital statement	The Group believes that it has sufficient working capital and liquidity to meet its liabilities for at least the next 12 months following the date of the Prospectus.

Section C—Securities		
C.1	A description of the type and the class of the securities being admitted to trading, including any security identification number	The Shares are ordinary shares in the share capital of the Company. Application has been made to list the Shares on Euronext in Amsterdam under the symbol "ASRNL" with ISIN code NL0011872643 and Common Code 141783626.
C.2	Currency of the Shares	The Shares are denominated in and will trade in euro.
C.3	Number of Shares and par value	Prior to the execution of the notarial deed of amendment of the Company's articles of association (the "**Deed of Amendment**"), the issued share capital of the Company amounts to €100,000,000 and is divided into 200,000 Shares, each with a nominal value of €500. After the execution of the Deed of Amendment which will be executed before Settlement, the authorised share capital will amount to €469,000,000 and will consist of 350,000,000 Shares and 350,000,000 Preferred Shares, with a nominal value of €0.67 and the issued share capital will consist of 150,000,000 Shares. Subsequently, the nominal value of the Shares and the Preferred Shares will be decreased to €0.16 by means of a capital reduction which will be implemented as soon as practicable following the execution of the Deed of Amendment and before Settlement.
C.4	Rights attached to the Shares	References to the "**Articles of Association**" hereafter will be to the Company's articles of association as they will read after the execution of the Deed of Amendment which will be executed before Settlement. The Shares carry dividend rights. Each Share confers the right to cast one vote in the General Meeting. There are no restrictions on voting rights. Upon an issue of Shares or a grant of rights to subscribe for Shares, each holder of Shares shall have a statutory pre-emption right in proportion to the aggregate nominal value of its Shares. Preferred Shares do not carry statutory pre-emption rights. Furthermore, no statutory pre-emption right exists in respect of (i) Shares that are issued for a consideration other than in cash, (ii) Shares issued to employees of the Company or of any company belonging to the Group or (iii) Shares issued to persons exercising a previously granted right to subscribe for Shares. Statutory pre-emption rights may be limited or excluded by a resolution of the General Meeting, upon a proposal of the executive board of the Company (the "**Executive Board**") which has been approved by the supervisory board of the Company (the "**Supervisory Board**"), which resolution by the General Meeting requires a majority of at least two-thirds of the votes cast, if less than one half of the issued share capital is present or represented at the meeting. The General Meeting may delegate this authority to the Executive Board, which resolution also requires a majority of at least two-thirds of the votes cast, if less than one half of the issued share capital is present or represented at the meeting. A designation as referred to above will only be valid for a specific period of no more than five years and may from time to time be extended for a period of no more than five years. A resolution by the Executive Board (if so designated by the General Meeting) to limit or exclude statutory pre-emption rights requires the approval of the Supervisory Board. As set

		out below, the Executive Board is currently authorised by the General Meeting to restrict or exclude statutory pre-emption rights accruing to holders of Shares in relation to the issue of Shares, subject to the approval of the Supervisory Board, until 18 months following the Settlement Date. Shares can be issued either (a) if and to the extent the Executive Board has been designated by the General Meeting as the authorised corporate body to resolve to issue shares, pursuant to a resolution by the Executive Board, which (proposed) resolution has been approved by the Supervisory Board or (b) if and to the extent the Executive Board has not been designated as the authorised corporate body to resolve to issue shares, pursuant to a resolution by the General Meeting (adopted with a simple majority) on a proposal to that effect by the Executive Board, which proposal has been approved by the Supervisory Board. This also applies to the granting of rights to subscribe for Shares, but is not required for an issue of Shares pursuant to the exercise of a previously granted right to subscribe for Shares. A designation as referred to above will only be valid for a specific period of no more than five years and may from time to time be extended for a period of no more than five years. A valid resolution of the General Meeting to issue Shares or to designate the Executive Board to do so, shall require, in addition to the approval of the Supervisory Board, a prior or simultaneous resolution or approval by each group of holders of shares in the capital of the Company of the same class whose rights are prejudiced by the issue. Pursuant to the relationship agreement entered into on 30 May 2016 between the Company and NLFI (the "**Relationship Agreement**"), for as long as NLFI holds more than one-third of the Shares, the issuance of (or granting of rights to acquire) Shares or the exclusion of any statutory pre-emption rights by the relevant corporate body authorised by the General Meeting to issue (rights to obtain) Shares or to exclude statutory pre-emption rights, requires the prior approval of NLFI. On 27 May 2016, the General Meeting designated the Executive Board as the body authorised to issue Shares, to grant rights to subscribe for Shares and to limit or exclude statutory pre-emption rights in relation to such issuances of Shares or granting of rights to subscribe for Shares. The aforementioned authorisation of the Executive Board is limited to up to a maximum of 10% of the Company's issued share capital (determined as at the Settlement Date), may not be used to distribute dividends in the form of Shares and is valid for a period of 18 months following the Settlement Date. **Dividends and Other Distributions** The payment of dividends may be limited, restricted or prohibited, including by the competent supervisory authority, if this measure is required or deemed required to strengthen the Group's capital in view of prudential requirements such as amongst other things the solvency capital requirements and any additional capital requirements (for more information see "Dividend Policy" below).
C.5	Restrictions on the free transferability of the Shares	There are no restrictions on the transferability of the Shares in the Articles of Association. However, the offering to persons located or resident in, or who are citizens of, or who have a registered address in countries other than the Netherlands, and the transfer of Offer Shares into jurisdictions other than the Netherlands may be subject to specific regulations or restrictions.

C.6	Listing and admission to trading	Prior to the Offering, there has been no public market for the Shares. Application has been made to list and admit all the Shares to trading under the symbol "ASRNL" on Euronext in Amsterdam. Subject to acceleration or extension of the timetable for the Offering, trading in the Offer Shares is expected to commence on an "as-if-and-when-delivered" basis on Euronext in Amsterdam on or about 10 June 2016 (the "**First Trading Date**").
C.7	Dividend policy	The Company has formulated its reservation and dividend policy in line with its current strategy. The Company intends to pay an annual dividend that creates sustainable long-term value for its shareholders. The reservation and dividend policy will be determined by the Executive Board, subject to the approval of the Supervisory Board. The Group intends to put the reservation and dividend policy on the agenda of each year's annual General Meeting as a discussion item. The Company's dividend policy and the intended payment of dividend are subject to regulatory, legal and (internal) financial restrictions and are without prejudice to the absolute discretion of the Executive Board to elect not to make dividend payments or to make higher or lower dividend payments than previously indicated, and may be limited, restricted or prohibited for any reason, including by the competent supervisory authority. Any dividend proposal may take into account considerations including capital, leverage and liquidity requirements and other regulatory requirements or constraints and internal policy considerations, such as strategy, future income, profits, resources available for distribution, financial conditions, growth opportunities, the outlook of the Group's business, its short-term and long-term viability, general economic conditions, and any circumstance the Executive Board may deem relevant or appropriate. There is no requirement or assurance that the Company will declare and pay any dividends and the Company has the right to amend its dividend policy at any time and for any reason including if changes occur in market circumstances, its performance and solvency or accounting policy. Subject to the foregoing, the Company has the intention to pay for the year ended 31 December 2016 a dividend of €175 million, which is to be paid in 2017. This dividend payment is discretionary and not based on the dividend policy that the Company intends to apply from 2017 and beyond. From 2017, the Company intends to have, also subject to the foregoing, a dividend policy with an ordinary pay-out ratio of 45% to 55% of net operating result attributable to shareholders (i.e. net of hybrid costs, as the interest paid on three of the Group's four hybrid instruments is recorded as an equity movement and not in the income statement). With this dividend pay-out policy, the Company intends to pay over 2017 and for the years thereafter an ordinary dividend annually in line with the Company's medium- to long-term financial performance. The Company intends to pay dividends, if any, either in cash or Shares from the share premium reserve at the election of its shareholders and also intends to neutralise the dilutive effect in case of a share dividend on earnings per ordinary share through the repurchase of Shares. The Company expects there will be no premium to share dividends. In addition, the Executive Board, in its absolute discretion, and after having obtained the necessary regulatory and corporate approvals, may implement other mechanics to return capital such as a share repurchase programme.

		To support its ability to maintain cash dividend payments, it is the intention of management of the Group to build and subsequently hold a minimum of €350 million at the Company in cash or liquid assets, based on a discretionary number of at least twice the average of the last two years' dividends. The Company aims to operate at a Solvency II ratio, calculated according to the standard formula, above a management threshold level. This management threshold level is currently defined as 160% of the Solvency Capital Requirement ("**SCR**") (this level may change over time). In general, it expects to not pay cash dividends if the Group level Solvency II ratio (calculated according to the standard formula) falls below 140%. The Company currently intends to consider investing capital above the Solvency II ratio (calculated according to the standard formula) of 160% with the objective of creating value for its shareholders. If and when the Company operates at a certain level (which may change over time) considerably above the 160%, and the Company assesses that it cannot invest this capital in value creating opportunities for a prolonged period of time, the Company may decide to return (part of this) capital to shareholders. If the Company elects to return capital, it intends to do so in the form that is efficient for shareholders at that time.
		Section D—Risks
	Selection of key risks	The following is a selection of key risks that relate to the Group, the Group's Structure/Shareholder Structure, the Shares and the Offering. In making the selection, the Group has considered circumstances such as the probability of the risk materialising on the basis of the current state of affairs, the potential impact which the materialisation of the risk could have on the Group's financial condition, results of operations, capital and liquidity needs, possible dividend payments and reputation, and the attention that management of the Group would on the basis of current expectations have to devote to these risks if they were to materialise. Investors should read, understand and consider all risk factors including those set out in paragraphs D.1 to D.3 below, which risk factors are material and should be read in their entirety, in "Risk Factors" beginning on page 1 of the Prospectus before making an investment decision to invest in the Offer Shares. • The Group's growth, business, revenues and results are materially affected by general economic conditions and other business conditions. The ongoing turbulence and volatility of such conditions may adversely affect the Group's business, revenues, results and financial condition • The Group has long-term assets and liabilities and is exposed to the risk of a mismatch between the value of its assets and liabilities resulting from changes in interest rates and credit spreads, which could have a material adverse effect on the Group's business, revenues, results and financial condition • Rising interest rates could reduce the value of fixed-income investments held by the Group, increase policy lapses and withdrawals, and increase collateral requirements under the Group's hedging arrangements, which could have a material adverse effect on the Group's business, revenues, results and financial condition • The Group is exposed to financial risks such as credit risk, default risk and risks concerning the adequacy of its credit provisions, any of which could have a material adverse effect on its business, revenues, results and financial condition

		• If the Group is unable to successfully implement its strategy, or if the Group's strategy does not yield the anticipated benefits, this may have a material adverse effect on the Group's business, revenues, results and financial condition and the Group may not achieve its targets. If one or more of the assumptions that the Group has made in setting its targets are inaccurate, the Group may be unable to achieve one or more of its targets • The Group operates in a changing environment and faces significant competition from other insurers and non-insurance financial services companies such as banks, independent insurance brokers and asset managers, as well as new entrants that offer the same or similar products and services. Changes in customer behaviour, technology and regulation may lead to negative volume developments based on different business models if the Group is unable to adapt successfully • The Group's exposure to fluctuations in the equity, fixed income and property markets could result in a material adverse effect on its returns on invested assets, including assets in its investment portfolio, or its solvency position • Natural and man-made disasters, which are inherently unpredictable, as well as other unforeseen events, such as infrastructure failures, could have a material adverse effect on the Group's business, revenues, results and financial condition, including if the actual claims amount incurred by the Group as a result of such events exceeds its established reserves or if the Group experiences an interruption of activities • Changes in longevity, mortality, morbidity, claims frequency and severity or discrepancies between assumed mortality, morbidity, claims frequency and severity and actual mortality, morbidity and claims frequency and severity may have a material adverse effect on the Group's business, revenues, results and financial condition • The Group is subject to comprehensive and frequently changing insurance, investment management, banking, pension and other financial services laws and regulations, and to supervision by regulatory authorities that have broad administrative powers over the Group • The impact on the Group of recent and ongoing financial regulatory reform initiatives, including in respect of social security benefits, is uncertain • Litigation and regulatory investigations and sanctions may have a material adverse effect on the Group's business, revenues, results and financial condition • The Group is exposed to the risk of mis-selling claims from customers who feel misled or treated unfairly • The EU has introduced Solvency II, a new regime governing solvency margins and provisions, the effects of which and the Dutch regulator's interpretation thereof are uncertain as of 1 January 2016. If the Group is not able to adequately comply with the Solvency II requirements, this could have a material adverse effect on its business, solvency, results and financial condition
D.1	Key risks that are specific to the Group	The following is a summary of additional key risks that relate to the Group, the Group's Structure/Shareholder Structure, the Shares and the Offering. Investors should read, understand and consider all risk factors including the "Selection of Key Risks" above and the risks listed in D.3 below, which risk factors are material and should be read in their entirety, in "Risk Factors" beginning on page 1 of the Prospectus before making an investment decision to invest in the Offer Shares.

		Risks Relating to the Group's Business *General Economic and Market Conditions* • The Group, due to its concentration in the Dutch market, is particularly exposed to the economic, market, fiscal and regulatory conditions in the Netherlands and is highly susceptible to changes in any of these conditions • The sustained low interest rate environment in recent years in Europe, both of market rates and of the UFR, has negatively impacted the Group in various ways and will continue to do so if it persists *Credit and Concentration Risk* • The Group's business, revenues, results and financial condition are exposed to changes in legislation applicable to the housing market in the Netherlands and the Group's residential retail and commercial mortgage portfolio is exposed to the risk of default by borrowers and to declines in real estate prices • The Group is exposed to counterparty risk in relation to other financial institutions, sovereigns and other counterparties. Deteriorations in the financial soundness of other financial institutions, sovereigns and other counterparties may have a material adverse effect on the Group's business, revenues, results and financial condition *General Risks Relating to the Group's Business* • Sales of life insurance products in the Netherlands have been declining since 2008. Further declines in sales volumes could, over time, lead to a further decline of the Group's life insurance portfolio and, if the Group is unable to adjust its cost base, have a material adverse effect on the Group's business, revenues, results and financial condition • The Group relies on its network of intermediaries in the Netherlands to sell and distribute many of its products and may not be able to maintain a competitive distribution network • The Group's business, revenues, results and financial condition are exposed to mandated brokers • The Group may not be able to protect its intellectual property rights, and may be subject to infringement claims by third parties, which may have a material adverse effect on the Group's business, revenues, results and financial condition *Market Risks Relating to the Group's Business* • The Group's investment management business is complex and a failure to properly perform asset management services could have a material adverse effect on the Group's business, revenues, results and financial condition • Investment underperformance of the Group's AuM may cause existing customers to withdraw funds, affecting the investment fees of the Group, and cause potential customers not to grant investment mandates • The Group's hedging programmes may prove inadequate or ineffective for the risks they address, which could have a material adverse effect on the Group's business, revenues, results and financial condition • The determination of the amount of impairments taken on the Group's investment and other financial assets is based on the Group's judgement and, if incorrect, could have a material adverse effect on the Group's business, revenues, results and financial condition

- A downgrade or a potential downgrade in the Group's credit or financial strength ratings could have a material adverse effect on the Group's ability to raise additional capital, or increase the cost of additional capital, and could result in, amongst others, a loss of existing or potential business (including customer withdrawals), lower AuM and fee income and decreased liquidity, each of which could have a material adverse effect on the Group's business, revenues, results and financial condition

Insurance Risks Relating to the Group's Business

- The non-life insurance business has historically been cyclical, characterised by periods of intense competition in relation to price and policy terms and conditions often due to excessive underwriting capacity, resulting in fewer policies written, lower premium rates, increased expenses for customer acquisition and retention, and less favourable policy terms and conditions for the Group, and such cycles may occur again
- Incorrect assumptions used in pricing products, establishing provisions and reporting business results could have a material adverse effect on the Group's business, revenues, results and financial condition
- A failure to accurately estimate inflation and factor it into the Group's product pricing, expenses and liability valuations could have a material adverse effect on the Group's business, revenues, results and financial condition
- Reinsurance may not be available, affordable or adequate to protect the Group against losses, and reinsurers may default on their reinsurance obligations
- Previously unknown risks, so-called "emerging risks", which cannot be reliably assessed, could lead to unforeseeable claims, which could have a material adverse effect on the Group's business, revenues, results and financial condition
- For basic health insurance, interdependencies exist with other insurance companies because of the Dutch national healthcare funding and equalisation system. Further interdependencies exist because of bi- and multilateral arrangements with specific companies. As a result, the Group's business, revenues, results and financial condition may be adversely affected by market wide developments, changes to national healthcare policies or developments specific to some other insurers

Liquidity Risk

- Lack of liquidity at the holding company level and lack of liquidity for operating entities, along with the inability to upstream capital and liquidity from subsidiaries to the holding entity are risks to the Group's business and may have a material adverse effect on the Group's business, revenues, results, ability to upstream dividends and financial condition

Operational Risks

- The Group is subject to operational risks, which can originate from inadequate or failed internal Group processes and systems, the conduct of Group personnel and third parties, and from external events that are beyond the Group's control

		• Failure of the Group's own or outsourced information technology systems, including as a result of cybercrime or information security weaknesses, could lead to a breach of regulations and contractual obligations and have a material adverse effect on the Group's reputation, business, results and financial condition • The Group may not be able to retain or attract personnel who are key to the business • The Group may be exposed to failures in its risk management systems, including security breaches resulting in inadequate or failed processes or systems and human errors, cyber-attacks and fraud that could have a material adverse effect on its business, revenues, results and financial condition • The Group is dependent in part on the continued performance, accuracy, compliance and security of third-party service providers who provide certain critical operational support functions to the Group. Inadequate performance by these service providers could result in reputational harm and increased costs, which could have a material adverse effect on the Group's business, revenues, results and financial condition • The Group is reliant on data quality and models, including for example for calculating Solvency II own funds and required capital. In addition, the increasing demands from supervisory and other authorities both as far as detail and frequency of reporting is concerned, are a significant burden on the Group with the accompanying risk that errors are made, information is reported past deadlines and that fines and other penalties are incurred. This could have a material adverse effect on the Group's business, reputation, results and financial condition *Reputational Risk* • The Group is exposed to the risk of damage to any of its brands or its reputation, which could have a material adverse impact on the financial condition of the Group **Regulatory/Legal and Compliance Risks** • The Bank is subject to extensive and detailed banking and other financial services laws and regulations, including stringent requirements in respect of regulatory capital and liquidity. Any adverse changes in such laws and regulations and/or changes in the interpretation of existing laws and regulations and/or breach thereof, could have an adverse effect on the Group's business, results of operations, financial condition and prospects • Holders of the Group's products where the customer bears all or part of the investment risk, or consumer protection organisations acting on their behalf, have filed claims or proceedings against the Group and may continue to do so. This litigation and/or actions taken by regulators or governmental authorities against the Group or other insurers in respect of these products (including unit-linked life insurance products), settlements, collective or otherwise, or other actions taken by other insurers and sector-wide measures could substantially affect the Group's insurance business and, as a result, may have a material adverse effect on the Group's business, reputation, revenues, results, solvency and financial condition

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• Risks relating to the Dutch Intervention Act (Wet bijzondere maatregelen financiële ondernemingen) could affect the Company's shareholders and the customers of the Group
• The Company and its regulated subsidiaries are required to maintain significant levels of capital and to comply with a number of regulatory requirements relating thereto. If the Company or its regulated subsidiaries were in danger of failing, or fail, to meet regulatory capital requirements or to maintain sufficient assets to satisfy certain regulatory requirements, the supervisory authorities have broad authority to require them to take steps to protect policyholders and other clients and to compensate for capital shortfalls and to limit the ability of the Company's subsidiaries to pay dividends or distributions to the Company
• The Group is subject to stress tests and other regulatory enquiries. Stress tests and the announcement of the results by regulatory authorities can destabilise the insurance sector and lead to a loss of trust with regard to individual companies or the insurance sector as a whole. Such stress tests, and the announcement of the results, could negatively impact the Group's reputation and financing costs and trigger enforcement actions by regulatory authorities
• Changes in tax law may render the Group's products less attractive or otherwise negatively affect the Group
• The Group has recognised a net deferred tax asset on its balance sheet

Financial Reporting Risks
• Changes in accounting standards or policies could have a material adverse effect on the Company's reported results and shareholders' equity
• The Group's reserves for liabilities arising from insurance contracts reflected in its IFRS financial statements to pay insurance and other claims, now and in the future, could prove inadequate, which could require that the Group strengthen its reserves, which may have a material adverse effect on the Group's business, revenues, results and financial condition

Risks Relating to the Group's Structure
• The interests of NLFI and the Dutch State may be inconsistent with the interests of the other shareholders of the Company
• Future sales or the possibility of future sales of a substantial number of Shares by NLFI may materially and adversely affect the market price of the Shares
• The Group, its operations and its management may continue to come under the public spotlight from time to time for as long as the Dutch State has an indirect economic interest in the Company
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<tr><td>D.3</td><td>Key risks relating to the Offer Shares and the Offering</td><td>
Risks Relating to the Shares and the Offering
Risks Relating to the Shares
• The Company's ability to pay dividends to shareholders may be constrained
• The Company may in the future seek to raise capital by conducting equity offerings, which may dilute investors' shareholdings in the Company
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		• The holding and acquisition of the Shares or Preferred Shares may require notifications to and approvals from competent authorities, which could impede the Company's future efforts to raise additional capital, discourage takeover attempts and impair the market value of the Shares • The price of the Shares may be volatile and may be materially and adversely affected by market conditions and other factors beyond the Group's control • Shareholders outside the Netherlands may not be able to exercise statutory pre-emption rights in future offerings and therefore may suffer dilution • Influence of the shareholders on the composition of the Supervisory Board and the Executive Board may, among other factors as a result of the Dutch structure regime or the Relationship Agreement, differ from other Dutch companies, and from companies in other jurisdictions • Provisions in the Articles of Association and in contracts concluded by the Group may delay, deter or prevent takeover attempts that may be favourable to the shareholders • The required voting majority for resolutions of the General Meeting to amend articles 2, 3, 19.12 and/or 31.3 of the Articles of Association and to approve resolutions concerning a material change to the identity or the character of the Company or its business is high, as a result of which certain proposals that are in the best interest of the Company and its stakeholders but which do not enjoy sufficiently broad support, may not be implemented • Dealings in the Shares may become subject to a Financial Transactions Tax • The rights and responsibilities of a shareholder are governed by Dutch law and will differ in some respects from the rights and obligations of shareholders under the laws of other jurisdictions and the shareholder rights under Dutch law may not be as clearly established as the rights of a shareholder established under the laws of some other jurisdictions • The ability of shareholders in certain countries other than the Netherlands, in particular in the United States, to bring an action against the Company or some or all of the members of the Executive Board and/or Supervisory Board may be limited under law • It is possible that the Group could be treated as a "passive foreign investment company" for US federal income tax purposes • Payments on the Offer Shares could be subject to FATCA withholding tax after 2018 *Risks Relating to the Offering* • There has been no public trading in the Shares prior to this Offering, the price of the Shares may be volatile and investors may not be able to sell the Shares at or above the Offer Price • If closing of the Offering does not take place on the Settlement Date or at all, purchases of the Offer Shares will be disregarded and Euronext Amsterdam may annul transactions that have occurred • Investors with a reference currency other than euro will become subject to certain foreign exchange risks when investing in the Shares

		Section E—Offer
E.1	Net proceeds and estimated expenses	The Company will not receive any proceeds from the Offering, the net proceeds of which will be received by the Selling Shareholder. The expenses related to the Offering incurred in 2015 and 2016 that are payable by the Company are estimated at approximately €7.8 million (excluding VAT) and include, among other items, the fees due to the AFM and Euronext Amsterdam, regulatory approval expenses, the fees due to the Company's accountant and legal, communications and independent financial advisors, administrative and regulatory expenses, as well as publication costs. In consideration of the agreement by the Underwriters to purchase the Offer Shares at the Offer Price and subject to the Offer Shares being sold as provided for in the Underwriting Agreement, the Selling Shareholder has agreed to pay the Underwriters an aggregate commission of €2,450,000. The Selling Shareholder may in its sole and absolute discretion also decide to award to some or all of the Joint Global Coordinators and the other Underwriters a discretionary commission in aggregate at a level to be determined by the Selling Shareholder of up to €2,050,000. The Selling Shareholder has also agreed to reimburse the Underwriters for documented costs and expenses relating to pre-deal investor education incurred by them in relation to the Offering, subject to a cap.
E.2a	Reasons for the Offering and use of proceeds	**Background and Reasons for the Offering** In the autumn of 2008, following the financial difficulties of the Fortis group and to prevent further disruption to the Dutch economy, the Dutch State acquired the Dutch entities of the Fortis group and caused Fortis to spin off Verzekeringen Nederland N.V., which now operates as ASR Nederland N.V. After the separation from Fortis, the Company became a stand-alone entity. Although the Company was acquired by the Dutch State, it has never received state aid. Since nationalisation, the Dutch Minister of Finance had declared that the investment was temporary and that the Company was to be returned to the market as soon as reasonably possible, provided three conditions were met: (i) the financial sector was sufficiently stable, (ii) there was sufficient interest in the market and (iii) the Company was ready. The objective is to recover as much as possible of the total capital expenditure of the Dutch State. These conditions were also specified in the coalition agreement in October 2012. In the state aid procedure of the European Commission, the Dutch State stated that it does not have the intention of investing in the Company over the long term. Several options for a divestment of the Company were analysed and discussed in the advisory memorandum of NLFI, dated 23 August 2013. The Dutch Minister of Finance expressed his views on these options in his letter to the Dutch Parliament of the same date. A divestment of the Company was subsequently discussed in a parliamentary session in November 2013 and after the conclusion of this parliamentary debate the Dutch Minister of Finance requested that the Company prepare for a stock market flotation, whilst NLFI was requested to simultaneously review options for consolidation with other insurance companies (a dual track strategy).

		In its advisory memorandum dated May 2014, NLFI stated that various parties had indicated their interest in the Company. This, however, had not resulted in a concrete proposal. In the same report, NLFI reported two important market developments, which would change the level playing field within the insurance sector considerably: (i) the announced flotation of NN Group N.V. by ING Groep N.V. and (ii) the sale of REAAL N.V. by SNS REAAL N.V. NLFI reported that, in its opinion, the absorptive capacity of the markets was too limited to simultaneously initiate a divestment in the Company and recommended that the Dutch Minister of Finance to (temporarily) halt the dual track divestment process. In line with the recommendations of NLFI, the Dutch Minister of Finance informed the Dutch Parliament that as soon as REAAL N.V. was sold and NN Group N.V. had been floated on the stock market, he would further advise the Dutch Parliament on the precise divestment of the Company. In its exit advice dated November 2015, NLFI stated that all three conditions for the privatisation of the Company specified above had been met in order to start the process of selling the Company. NLFI also stated that no strategic alternatives which fall within the risk-return profile of the Dutch State as shareholder, and which would provide added value compared to the IPO scenario, had presented themselves. Therefore, NLFI advised the Dutch Minister of Finance to continue the preparation process for an IPO in such a manner that flotation in the first half of 2016 would be a possibility. The Dutch Minister of Finance stated that he would follow the advice and the conclusions of NLFI in his letter to the Dutch Parliament dated 27 November 2015. In the following parliamentary debate on 28 January 2016, the Dutch Parliament agreed to the exit strategy proposed by the Dutch Minister of Finance based on the advice of NLFI, after which the Dutch Minister of Finance formally asked NLFI and the Company to start the selling process through an IPO. **Use of Proceeds** NLFI will receive the net proceeds from the Offering (including, for the avoidance of doubt, if the Over-Allotment Option is exercised, the net proceeds from the sale of the Over-Allotment Shares). NLFI will distribute the net proceeds it receives from the Offering to the Dutch State. The proceeds received by the Dutch State will be entirely at its disposal. The Group will not receive any proceeds from the Offering.
E.3	Terms and conditions of the Offering	**Offer Shares** NLFI, on behalf of the Dutch State, is offering up to 52,200,000 Offer Shares (assuming no exercise of the Over-Allotment Option as defined below). The Offering consists of (i) a public offering in the Netherlands to institutional and retail investors and (ii) a private placement to certain institutional investors in various other jurisdictions. The Offer Shares are being offered: (i) within the United States of America (the "**US**"), to persons reasonably believed to be "qualified institutional buyers" as defined in, and in reliance on, Rule 144A under the US Securities Act of 1933, as amended (the "**US Securities Act**"), or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act, and applicable state and other securities laws of the US, and (ii) outside the US, where all offers and sales of the Offer Shares will be made in compliance with Regulation S under the US Securities Act. The Offering is made only in those jurisdictions where, and only to those persons to whom, offers and sales of the Offer Shares may be lawfully made.

		Over-Allotment Option The Selling Shareholder has granted the Joint Global Coordinators (as defined below), on behalf of the Underwriters (as defined below), an option (the "**Over-Allotment Option**"), exercisable within 30 calendar days after the First Trading Date, pursuant to which the Joint Global Coordinators may require the Selling Shareholder to sell to the Underwriters at the Offer Price (as defined below) up to 7,800,000 additional Shares comprising up to approximately 15% of the total number of Offer Shares sold in the Offering (the "**Over-Allotment Shares**"), to cover short positions resulting from any over-allotments made in connection with the Offering or stabilisation transactions, if any. **Offering Period** Subject to acceleration or extension of the timetable for the Offering, prospective institutional investors may subscribe for Offer Shares during the period commencing at 9:00 Central European Time ("**CET**") on 31 May 2016 and ending at 14:00 CET on 9 June 2016 and prospective retail investors may subscribe for Offer Shares during the period commencing at 9:00 CET on 31 May 2016 and ending at 17:30 CET on 8 June 2016 (the "**Offering Period**"). In the event of an acceleration or extension of the Offering Period, pricing, allotment, admission and first trading of the Offer Shares, as well as payment (in euro) for and delivery of the Offer Shares ("**Settlement**") in the Offering may be advanced or extended accordingly. If a significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus which is capable of affecting the assessment of the Offer Shares arises or is noted before the settlement date, which is expected to be 14 June 2016 (the "**Settlement Date**"), a supplement to the Prospectus will be published, the Offering Period may be extended and investors who have already agreed to purchase Offer Shares may withdraw their subscriptions within two business days following the publication of the supplement. **Offer Price and Number of Offer Shares** At the date of the Prospectus, the price of the Offer Shares (the "**Offer Price**") is expected to be in the range of €18.00 to €22.00 (inclusive) per Offer Share (the "**Offer Price Range**"). The Offer Price Range is indicative. The Offer Price may be set within, above or below the initial Offer Price Range. The Offer Price and the exact number of Offer Shares offered will be determined by the Selling Shareholder, after consultation with the Company and the Joint Global Coordinators (acting on behalf of the Underwriters), subject to approval from the Dutch Minister of Finance, after the end of the Offering Period, including any acceleration or extension, on the basis of the results of a bookbuilding process and taking into account economic market conditions, a qualitative and quantitative assessment of demand for the Offer Shares and other factors deemed appropriate. The Offer Price, the exact number of Offer Shares and the maximum number of Over-Allotment Shares will be stated in the pricing statement ("**Pricing Statement**") which will be published through a press release that will also be posted on the Company's website and filed with the AFM. Prior to allocation of the Offer Shares ("**Allocation**"), the number of Offer Shares can be increased or decreased, and the Offer Price Range can be changed. Any increase of the top end of the Offer Price Range on the last day of the Offering Period, or the determination of an Offer Price above

		the Offer Price Range, will result in the Offering Period being extended by at least two business days; any increase of the top end of the Offer Price Range on the day prior to the last day of the Offering Period will result in the Offering Period being extended by at least one business day. In this case, if the Offering Period for Dutch Retail Investors (as defined below) would already have closed, this Offering Period for Dutch Retail Investors would be reopened. Accordingly, all investors, including Dutch Retail Investors, will have at least two business days to reconsider their subscriptions. Any such change in the number of Offer Shares and/or the Offer Price Range will be announced in a press release that will also be posted on the Company's website. Upon a change of the number of Offer Shares, references to Offer Shares in the Prospectus should be read as referring to the amended number of Offer Shares and references to Over-Allotment Shares should be read as referring to the amended number of Over-Allotment Shares. **Allocation** Allocation is expected to take place after the end of the Offering Period on or about 9 June 2016, subject to acceleration or extension of the timetable for the Offering. The parties to the Underwriting Agreement have agreed that Allocation will be determined by the Dutch Minister of Finance, after consultation with the Selling Shareholder and the Company, following recommendations from the Joint Global Coordinators and in accordance with the allocation principles as decided on by the Minister of Finance, after consultation with the Selling Shareholder and the Company and the Joint Global Coordinators. Subject to the overall objectives of achieving an institutional investor base with an appropriate mix of institutional investors (including type, style and geographical location) and an orderly secondary market in the Shares, orders from institutional investors with the following characteristics, among other things, will be given key consideration in the allocation process: timeliness of submission of orders, price leadership, consistency of order size during the process and interest in the Company, and detail and quality of feedback including granular views on the valuation of the Company. Allocation to investors who applied to subscribe for Offer Shares will be made on a systematic basis using both quantitative and qualitative measures of the above criteria. Nevertheless, the Selling Shareholder (subject to the approval from the Dutch Minister of Finance) reserves the right to exercise full discretion as to whether or not and how to allocate the Offer Shares. There is no maximum or minimum number of Offer Shares for which prospective investors may subscribe and multiple (applications for) subscriptions are permitted. In the event that the Offering is over-subscribed, investors may receive fewer Offer Shares than they applied for. The Selling Shareholder, the Company and the Joint Global Coordinators may, at their own discretion and without stating the grounds therefor, reject any subscriptions wholly or partly, even if any or all of the abovementioned criteria are met. The Joint Global Coordinators will notify institutional investors of any allocation of Offer Shares to them. **Preferential Retail Allocation** There will be a preferential allocation of Offer Shares to eligible retail investors in the Netherlands (each a "**Dutch Retail Investor**") in accordance with applicable law and regulations (the "**Preferential Retail Allocation**"). Each Dutch Retail Investor will, in principle, be allocated

		the first 225 Offer Shares (or fewer) for which such investor applies. However, if the total number of Offer Shares subscribed for by Dutch Retail Investors under the Preferential Retail Allocation would exceed 10% of the total number of the Offer Shares, assuming full exercise of the Over-Allotment Option, the preferential allocation to each Dutch Retail Investor may be reduced *pro rata* in respect of the first 225 Offer Shares (or fewer) for which such investor applies. As a result, Dutch Retail Investors may not be allocated all of the first 225 Offer Shares (or fewer) for which they apply. The exact number of Offer Shares allocated to Dutch Retail Investors will be determined after the Offering Period has ended. The Preferential Retail Allocation will only be made in relation to Offer Shares comprising up to 10% of the total number of Offer Shares, assuming full exercise of the Over-Allotment option. The Selling Shareholder, after consultation with the Company and following recommendations of the Joint Global Coordinators, has full discretion as to whether or not and how to allocate the remainder of the Offer Shares applied for (i.e. the number of Offer Shares subscribed for exceeding 225 Offer Shares), including in aggregate allocating Offer Shares to Dutch Retail Investors in excess of or less than 10% of the total number of the Offer Shares, assuming full exercise of the Over-Allotment Option. Dutch Retail Investors can only subscribe on a market order (*bestens*) basis. This means that Dutch Retail Investors will be bound to purchase and pay for the Offer Shares indicated in their application, to the extent allocated to them, at the Offer Price, even if the Offer Price Range has been changed. Dutch Retail Investors are entitled to cancel or amend their application, at the financial intermediary where their original application was submitted, at any time prior to the end of the Offering Period for Dutch Retail Investors (if applicable, as amended or extended), for any reason, including an upward amendment of the Offer Price Range. Dutch Retail Investors can submit their subscriptions through their own financial intermediary. The financial intermediary will be responsible for collecting subscriptions from Dutch Retail Investors and for submitting their subscriptions to ABN AMRO Bank N.V. as the retail coordinator (the "**Retail Coordinator**"). The Retail Coordinator will consolidate all subscriptions by Dutch Retail Investors submitted on an aggregate basis by financial intermediaries and inform the Joint Global Coordinators, the Company and the Selling Shareholder. All questions concerning the timeliness, validity and form of instructions to a financial intermediary in relation to the purchase of Offer Shares will be determined by the financial intermediaries in accordance with their usual procedures or as otherwise notified to the Dutch Retail Investors. The Company and the Selling Shareholder are not liable for any action or failure to act by a financial intermediary in connection with any subscription, purchase, or purported purchase, of Offer Shares. For the purpose of the Preferential Retail Allocation, a Dutch Retail Investor is either: (i) a natural person resident in the Netherlands; or (ii) a special investment vehicle having its seat in the Netherlands which is a legal entity established for the express and sole purpose of providing asset management and/or retirement planning services for a natural person. To be eligible for the Preferential Retail Allocation, Dutch Retail Investors must place their subscriptions during the period commencing on 31 May 2016 at 9:00 CET and ending on 8 June 2016 at 17:30 CET through financial intermediaries. Different financial intermediaries may apply deadlines before the closing time of the Offering Period.

		Payment Payment (in euro) for the Offer Shares is expected to take place on the Settlement Date. Taxes and expenses, if any, must be borne by the investor. Investors must pay the Offer Price in immediately available funds in full in euro on or before the Settlement Date (or earlier in the case of an early closing of the Offering Period and consequent acceleration of pricing, Allocation, commencement of trading and Settlement). **Delivery of Shares** The Offer Shares will be delivered in book-entry form through the facilities of Euroclear Nederland. Application has been made for the Shares and to be accepted for clearance through the book-entry facilities of Euroclear Nederland. If Settlement does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all subscriptions for Offer Shares will be disregarded, any allocations made will be deemed not to have been made and any subscription payments made will be returned without interest or other compensation. Any dealings in Shares prior to Settlement are at the sole risk of the parties concerned. Neither the Company, the Selling Shareholder, the Underwriters, the Listing and Paying Agent (as defined below), N M Rothschild & Sons Limited (acting as the financial adviser to the Selling Shareholder for the Offering) and UBS Limited (acting as the financial adviser to the Company for the Offering) (N M Rothschild & Sons Limited and UBS Limited together, the "**Financial Advisers**") nor Euronext Amsterdam accept any responsibility or liability for any loss incurred by any person as a result of a withdrawal of the Offering or the related annulment of any transactions in Offer Shares on Euronext in Amsterdam. **Underwriting Agreement** The Company, the Selling Shareholder and the Joint Global Coordinators (on behalf of themselves and the other Underwriters (as defined below)) entered into an underwriting agreement on 30 May 2016 with respect to the offer and sale of the Offer Shares (the "**Underwriting Agreement**"). After the entering into of the pricing agreement between the Company, the Selling Shareholder and the Joint Global Coordinators (on behalf of the Underwriters), which is expected to be entered into on or about 9 June 2016 (the "**Pricing Agreement**") and which is a condition for the obligations of the Underwriters under the Underwriting Agreement, and on the terms and subject to the other conditions set forth in the Underwriting Agreement, the Selling Shareholder has agreed to sell at the Offer Price to the Underwriters, and the Underwriters have severally (and not jointly or jointly and severally) agreed to purchase or cause one of their affiliates to purchase at the Offer Price from the Selling Shareholder, the Offer Shares. In the Underwriting Agreement, the Company and the Selling Shareholder make certain representations and warranties. In addition, the Company has agreed to indemnify the Underwriters against certain liabilities in connection with the Offering. The obligations of the Underwriters under the Underwriting Agreement are subject to the fulfilment, or discretionary waiver by the Underwriters, of a number of conditions for the benefit of the Underwriters, including but not limited to (i) the absence of any material adverse change in the Group's business, (ii) receipt of opinions on certain legal matters from legal counsels of the Company and the Underwriters, (iii) the execution of documents relating to the Offering and such documents being in full force and effect, (iv) the entering into the Pricing Agreement, and thereby the determination of the Offer Price and the exact number of the Offer Shares (i.e. underwriting of Settlement risk only), (v) the admission of the

		Shares to listing and trading on Euronext in Amsterdam, and (vi) certain other customary closing conditions. The Underwriters have the right to waive the satisfaction of any such conditions or part thereof. Upon the occurrence of certain events, such as any of the conditions precedent not being satisfied or waived, the Underwriters have the right to terminate the Underwriting Agreement. **Joint Global Coordinators** ABN AMRO Bank N.V., Citigroup Global Markets Limited and Deutsche Bank AG, London Branch are acting as joint global coordinators for the Offering (the "**Joint Global Coordinators**"). **Joint Bookrunners** Barclays Bank PLC, Coöperatieve Rabobank U.A. (Rabobank), HSBC Bank plc and ING Bank N.V. are acting as joint bookrunners for the Offering (the "**Joint Bookrunners**"). **Co-Lead Manager** Joh. Berenberg, Gossler & Co. KG is acting as co-lead manager for the Offering (the "**Co-Lead Manager**"). **Underwriters** The Joint Global Coordinators, the Joint Bookrunners and the Co-Lead Manager are acting as underwriters (the "**Underwriters**"). **Listing and Paying Agent** ABN AMRO Bank N.V. is the listing and paying agent with respect to the admission to listing and trading of the Shares on Euronext in Amsterdam. **Retail Coordinator** ABN AMRO Bank N.V. is the Retail Coordinator with respect to the Preferential Retail Allocation. **Stabilisation Agent** Deutsche Bank AG, London Branch is the stabilisation agent (the "**Stabilisation Agent**") with respect to the Offer Shares and Over-Allotment Shares on Euronext in Amsterdam.
E.4	Interests material to the Offering (including conflicts of interests)	The Underwriters and the Financial Advisers (and/or their respective affiliates) have from time to time been engaged, and may in the future engage, in commercial banking, investment banking and financial advisory and ancillary transactions in the ordinary course of their business with the Group (or any parties related to the Group) for which they have received or may receive customary compensation, fees and/or commission. The Underwriters and their respective affiliates may provide such services for the Group and its Group Companies in the future. These services may include, without limitation, issuing or creating and trading in the Group's securities and financial products, acting with Group Companies in debt or equity syndicates, providing investment banking, corporate banking or lending services with and to the Group, credit and rate flows with Group Companies, securities financing set-ups, acting as domestic payments provider for Group Companies, holding cash management accounts for Group Companies, providing treasury services, such as repo, securities

		finance and portfolio management for liquidity management purposes and providing trading services such as credits, rates and foreign exchange, commercial paper and certificate of deposit services and fixed income and treasury sales. Additionally, Underwriters and the Group may get involved in the same actual or threatened litigation. Additionally, the Underwriters and the Financial Advisers and/or their affiliates, in the ordinary course of their business, hold, have held and/or may in the future hold a broad array of investments and actively trade the Group's debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, including securities in relation to which Underwriters may be exercising voting power over the Group's securities on behalf of third parties. The Underwriters and the Financial Advisers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of securities and/or financial instruments of the Company, its affiliates and/or affiliates of the Selling Shareholder and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. In respect of the above, the sharing of information is generally restricted for reasons of confidentiality, by internal procedures or by applicable rules and regulations (including those issued by the AFM). As a result of these transactions, these parties may have interests that may not be aligned, or could potentially conflict, with the interests of holders of Shares, or with the interests of the Group. In connection with the Offering, each of the Underwriters and any of their respective affiliates, acting as an investor for its own account, may take up Offer Shares in the Offering and in that capacity may retain, purchase or sell for its own account such securities and any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in the Prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Joint Global Coordinators (or their affiliates) may from time to time acquire, hold or dispose of Shares. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. As a result of acting in the capacities described above, the Underwriters may have interests that may not be aligned, or could potentially conflict, with investors' and the Group's interests.
E.5	Person or entity offering to sell the securities and lock-up arrangements	**Company lock-up** In connection with the Offering, the Company has agreed that, for a period from the date of the Underwriting Agreement until 180 days after the Settlement Date, it will not, except as set forth below, without the prior written consent of the Joint Global Coordinators (acting on behalf of the Underwriters), which consent shall not be unreasonably withheld, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Shares in the capital of the Company or any securities convertible into or exercisable or exchangeable for shares in the capital of the Company (including Shares) or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the

		economic consequences of ownership of shares in the capital of the Company or Shares, whether any such transaction described in paragraph (i) or (ii) above is to be settled by delivery of shares, Shares or such other securities, in cash or otherwise. The foregoing sentence shall not apply: (i) to any issuance for the purpose of acquiring any company or undertaking; (ii) to any issuance or conversion before the Settlement Date to effect the share capital reorganisation as disclosed in the Prospectus; (iii) if the Group or a subsidiary is required by a Competent Authority to recapitalise on the basis of *inter alia* Directive 2009/138/EC, Directive 2014/51/EU, Directive 2013/36/EU, Regulation (EU) No 575/2013, Directive 2014/59/EU, Regulation (EU) 806/2014, lower regulations to each directive and regulation, if applicable as implemented in Dutch law, and the Dutch Financial Supervision Act and lower regulations thereto or is required to take necessary measures to address breaches of requirements of Directive 2009/138/EC, Directive 2014/51/EU, Directive 2013/36/EU, Regulation (EU) No 575/2013 or the Dutch Financial Supervision Act and lower regulations to each or to address evidence that the Group or a subsidiary is likely to breach any requirements of Directive 2009/138/EC, Directive 2014/51/EU, Directive 2013/36/EU, Regulation (EU) No 575/2013, Directive 2009/138/EC, Directive 2014/51/EU, Directive 2013/36/EU, Regulation (EU) No 575/2013 or the Dutch Financial Supervision Act and lower regulations to each; and (iv) if the Company is required to take capital raising measures in order for state aid to be declared compatible on the basis of Article 107 (3) of the Treaty on the Functioning of the European Union. **Selling Shareholder lock-up** In connection with the Offering, the Selling Shareholder has agreed that, for a period from the date of the Underwriting Agreement until 180 days after the Settlement Date, it will not, except as set forth below, without the prior written consent of the Joint Global Coordinators (acting on behalf of the Underwriters), which consent shall not be unreasonably withheld, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, cause the Company to issue, or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise. The foregoing sentence shall not apply to: (i) the sale of Offer Shares under the Underwriting Agreement; (ii) the lending of Shares under the share lending agreement expected to be dated on or about 9 June 2016; (iii) the transfer of Shares by the Selling Shareholder to an affiliate or the Dutch State, provided the transferee provides undertakings to the Joint Global Coordinators equivalent to those described above; (iv) the sale, transfer or other disposal of Shares in the capital of the Company by way of acceptance of a public takeover offer, merger or similar business combination with a third party in respect of all of the issued shares or Shares or by way of acceptance of a partial public takeover as permitted by Dutch law; and (v) the sale or disposal of Shares where required by law or Competent Authority.

E.6	Dilution	Not applicable. As only existing Shares will be offered, the Offering will not have a dilutive effect.
E.7	Estimated expenses charged to the investors by the Company	Not applicable. No expenses have been or will be charged to investors by the Company or the Selling Shareholder in relation to the Offering.

SAMENVATTING

*Dit hoofdstuk bevat een Nederlandse vertaling van de Engelstalige samenvatting van het prospectus gedateerd 30 mei 2016 (het "**Prospectus**"). In geval van een mogelijke discrepantie in uitleg van begrippen prevaleert de Engelstalige samenvatting van het Prospectus.*

Samenvattingen bestaan uit informatievereisten die "Elementen" worden genoemd. Deze Elementen zijn genummerd in de Afdelingen A–E (A.1–E.7).

De onderhavige samenvatting bevat alle Elementen die moeten worden opgenomen in een samenvatting voor dit type effecten en uitgevende instelling. Omdat voor sommige Elementen bespreking ervan niet verplicht is, kan de nummering van de Elementen soms verspringen.

Verder kan het zijn dat voor een Element dat vanwege het type effecten en uitgevende instelling in een samenvatting moet worden opgenomen, geen relevante informatie kan worden verstrekt. In dat geval dient een korte omschrijving van het Element in de samenvatting te worden opgenomen, samen met de vermelding dat het Element "niet van toepassing" is.

Afdeling A—Inleiding en waarschuwingen		
A.1	Inleiding en waarschuwingen	Deze samenvatting dient gelezen te worden als inleiding op het prospectus (het "**Prospectus**") in verband met (i) de aanbieding (de "**Aanbieding**") door stichting administratiekantoor beheer financiële instellingen (*NL financial investments*, "**NLFI**" of de "**Verkopende Aandeelhouder**"), namens de Nederlandse Staat, van ten hoogste 60.000.000 gewone aandelen (de "**Aangeboden Aandelen**", waarin, tenzij uit de context anderszins blijkt, de Overtoewijzingsaandelen (zoals hieronder gedefinieerd) zijn inbegrepen), met een nominale waarde van € 0,16 elk in het aandelenkapitaal van ASR Nederland N.V. (de "**Vennootschap**", en gezamenlijk met haar geconsolideerde dochterondernemingen, de "**Groep**"), en (ii) de toelating tot de notering van en handel in de Aandelen (zoals hieronder gedefinieerd) aan Euronext in Amsterdam ("**Euronext in Amsterdam**"), een gereglementeerde markt van Euronext Amsterdam N.V. ("**Euronext Amsterdam**"). Aangenomen dat de Overtoewijzingsoptie (zoals hieronder gedefinieerd) niet wordt uitgeoefend, vormen de 52.200.000 Aangeboden Aandelen ongeveer 35% van de uitgegeven gewone aandelen, met een nominale waarde van € 0,16 elk, in het aandelenkapitaal van de Vennootschap (de "**Aandelen**"). Iedere beslissing om in de Aandelen te beleggen dient gebaseerd te zijn op bestudering van het gehele Prospectus door de belegger. Indien een vordering met betrekking tot de informatie in het Prospectus bij een rechterlijke instantie aanhangig wordt gemaakt, kan het zijn dat de belegger die als eiser optreedt, volgens de nationale wetgeving van de lidstaten van de Europese Economische Ruimte en andere jurisdicties, de kosten voor de vertaling van het Prospectus moet dragen voordat de gerechtelijke procedure kan aanvangen. Uitsluitend de personen die de samenvatting, met inbegrip van een eventuele vertaling ervan, hebben ingediend, kunnen wettelijk aansprakelijk worden gesteld, maar alleen indien de samenvatting, wanneer zij samen met de andere delen van het Prospectus wordt gelezen, misleidend, onjuist of inconsistent is of indien zij, wanneer zij samen met de andere delen van het Prospectus wordt gelezen, geen kerngegevens bevat op basis waarvan geïnteresseerden beter kunnen beoordelen of zij wel of niet in de Aandelen zullen beleggen.
A.2	Toestemming, aanduiding, voorwaarden en aankondiging	Niet van toepassing. De Vennootschap verleent geen toestemming om het Prospectus te gebruiken voor latere wederverkoop of definitieve plaatsing van Aangeboden Aandelen via financiële intermediairs.

Afdeling B—De Uitgevende Instelling		
B.1	Statutaire en handelsnaam van de Vennootschap	Officiële naam: ASR Nederland N.V. Handelsnamen: ASR Nederland N.V., AMEV Stad Rotterdam Verzekeringsgroep (ASR), ASR Verzekeringsgroep, ASR Nederland, a.s.r. en a.s.r. de nederlandse verzekeringsmaatschappij voor alle verzekeringen.
B.2	Vestigingsplaats, rechtsvorm, toepasselijk recht en land van oprichting	De Vennootschap is een naamloze vennootschap naar Nederlands recht en gezeteld in Nederland. De Vennootschap is statutair gevestigd in Utrecht, Nederland.
B.3	Kerngegevens betreffende de aard van de huidige werkzaamheden en belangrijkste bedrijfsactiviteiten van de Groep	De Groep is de op een na grootste schadeverzekeraar (exclusief ziektekosten) en de op vijf na grootste levensverzekeraar in Nederland gemeten naar bruto geschreven premies (Gross Written Premiums: "**GWP**") in 2014, de recentste periode waarvoor openbare informatie beschikbaar is (*bron: DNB*). Het verzekeringsbedrijf van de Groep richt zich op schade P&C (Property & Casualty: "P&C"), arbeidsongeschiktheid en ziektekosten voor het Schadebedrijf, en op pensioen-, individuele levens- en uitvaartverzekeringen voor het Levenbedrijf, alsmede op de distributie van verzekeringsproducten. Daarnaast biedt de Groep bepaalde bank- en beleggingsproducten en vermogensbeheerdiensten. Afgezien van een kleine Belgische portefeuille uitvaartverzekeringen is de Groep uitsluitend actief op de Nederlandse markt. In 2015 rapporteerde de Groep €4.092 miljoen aan GWP en een operationeel resultaat (voor belasting) uit voortgezette activiteiten ("**continuing operations**") van €521 miljoen. De wortels van de Groep gaan terug tot 1720, het jaar van de oprichting van *N.V. Maatschappij van Assurantie, Discontering en Beleening der Stad Rotterdam anno 1720*, op 21 juni 1720 de eerste beursgenoteerde verzekeringsmaatschappij in Nederland. De huidige onderneming is in 2000 ontstaan met de overname van ASR Verzekeringsgroep door de Fortis-groep. In het najaar van 2008 verwierf de Nederlandse Staat, met het oog op de financiële problemen van de Fortis-groep en om verdere verstoring van de Nederlandse economie te voorkomen, de Nederlandse entiteiten van de Fortis-groep, met als gevolg de afsplitsing van Fortis Verzekeringen Nederland N.V., het huidige ASR Nederland N.V. Hoewel ASR Nederland N.V. bij de nationalisatie van de Fortis-groep in handen van de Nederlandse Staat is overgegaan, heeft de Groep nooit staatssteun ontvangen. Op 29 september 2011 zijn alle Aandelen door de Staat overgedragen aan NLFI, tegen uitgifte van certificaten van de Aandelen. NLFI is verantwoordelijk voor het beheer van de Aandelen en de uitoefening van alle rechten die naar Nederlands recht verbonden zijn aan de Aandelen, zoals de stemrechten. Sinds de datum van nationalisatie heeft de Nederlandse minister van Financiën steeds gezegd dat de overname als tijdelijke maatregel bedoeld was en dat de Groep zo snel als redelijkerwijs mogelijk weer op de markt moest worden gebracht. In november 2015 concludeerden NLFI en de Nederlandse minister van Financiën dat was voldaan aan alle voorwaarden voor de privatisering van de Groep. In het aansluitende parlementaire debat, in januari 2016, stemde het Nederlandse parlement in met de exit-strategie die werd voorgesteld door de Nederlandse minister van Financiën op advies van NLFI, waarna de Nederlandse minister van Financiën NLFI en de Vennootschap officieel verzocht het verkoopproces in gang te zetten middels een beursgang ("**IPO**").

De Groep rapporteert zes bedrijfssegmenten, te weten vijf kernsegmenten (Schade, Leven, Bank en asset management, Distributie en services, en Holding en overig) en het segment Vastgoedontwikkeling, dat momenteel wordt afgebouwd. In het verleden is het accent binnen de bedrijfsactiviteiten van de Groep, gemeten naar GWP, verschoven van Leven naar Schade en die trend heeft doorgezet in de laatste jaren. GWP in het segment Leven vertegenwoordigde in 2013 nog 42,5% van de GWP van de Groep, tegen 39,2% in 2015, het effect van een grote pensioen buy-out van €370 miljoen in 2015 niet meegerekend. Als het effect van de grote pensioen buy-out wel wordt meegerekend, maken de GWP van Leven in 2015 44,7% van de GWP van de Groep uit.

Schade: Het segment Schade is het grootste segment van de Groep gemeten in termen van GWP en omvat door de Groep aangeboden schadeverzekeringen, die op dit moment zijn ingedeeld in drie productlijnen: Schade P&C, AOV en Ziektekosten. In 2015 vertegenwoordigde het segment Schade 32,4% van het operationele resultaat van de Groep (voor belasting) en was het met €2.350 miljoen aan GWP goed voor 57,4% van de GWP van de Groep. Per 31 december 2015 bedroeg het eigen vermogen van het segment Schade €1.130 miljoen.

Leven: Het segment Leven bestaat uit drie verzekeringsproductlijnen: Pensioenen, Leven individueel en Uitvaart. In 2015 rapporteerde het segment Leven 83,3% van het operationele resultaat van de Groep (voor belasting). Het segment Leven noteerde €1.828 miljoen GWP, wat overeenkomt met 44,7% van de GWP van de Groep, en €92 miljoen nieuwe productie gemeten als Annual Premium Equivalent ("**APE**") in 2015. Per 31 december 2015 bedroeg het eigen vermogen van het segment Leven €3.678 miljoen.

Bank en asset management Het segment Bank en asset management bestaat uit spaar- en beleggingsproducten voor particulieren van ASR Bank N.V. en vermogensbeheer en vastgoed vermogensbeheer, evenals hypothecaire leningen die worden verstrekt aan particulieren en in het kader van de vermogensbeheerdiensten van de Groep. De hypothecaire kredietverlening wordt verstrekt door ASR Levensverzekering N.V. (segment Leven), en beheerd door ASR Hypotheken B.V., onderdeel van het segment Bank en asset management. Gemeten naar zowel omzet als operationeel resultaat is het segment Bank en asset management een betrekkelijk klein onderdeel van de Groep. In 2015 was het verantwoordelijk 2,3% van het operationele resultaat van de Groep (voor belasting). Per 31 december 2015 had ASR Bank N.V. een totaal vermogen van €1.652 miljoen onder beheer. Per 31 december 2015 had ASR Vastgoed Vermogensbeheer B.V. een totaal vermogen van €4.215 miljoen onder beheer (waarvan €2.896 miljoen voor eigen rekening van de Groep). Per 31 december 2015 had ASR Nederland Beleggingsbeheer N.V. (voor externe klanten) een totaal vermogen van €6.290 miljoen onder beheer. Per 31 december 2015 had ASR Hypotheken B.V. een totaal van €6.522 miljoen onder beheer (volledig voor eigen rekening van de Groep). Per 31 december 2015 bedroeg het eigen vermogen van het segment Bank en asset management €82 miljoen.

		Distributie en services: Het segment Distributie en services van de Groep omvat activiteiten in verband met de distributie van verzekeringsproducten evenals aanvullende diensten die worden verleend aan intermediairs en polishouders, inclusief uitbestede diensten zoals de uitvoering van bepaalde backoffice activiteiten. De Groep meent dat deze diensten complementair zijn met de Schadeverzekeringsactiviteiten. Het segment Distributie en services (geen rekening houdend met de resultaten van SOS International, die geen onderdeel zijn van de kernactiviteiten ("discontinued operations")), vertegenwoordigde in 2015 0,6% van het operationele resultaat van de Groep (voor belasting). Per 31 december 2015 bedroeg het eigen vermogen van het segment Distributie en services (geen rekening houdend met SOS International) €53 miljoen. Op 25 januari 2016 is SOS International verkocht. *Holding en overig:* De activiteiten van het segment Holding en overig bestaan primair uit de holding-activiteiten van de Groep (te weten audit, financiën, risicobeheer, balansbeheer, corporate communicatie en marketing) en andere holdings en tussenholdings, minderheidsdeelnemingen in andere bedrijven, evenals bepaalde pensioenverplichtingen aan de medewerkers van de Groep, terwijl de meeste aan pensioen gerelateerde kosten worden toegerekend aan het desbetreffende bedrijfssegment. Daarnaast fungeert het segment Holding en overig als de werkgever voor de werknemers van de Groep maar worden uitgaven voor personeel, anders dan voor medewerkers met overwegend holding-gerelateerde taken, doorgaans toegerekend aan de desbetreffende productlijn. Een deel van de overige kosten van het segment Holding en overig worden ook doorbelast aan de betrokken productlijnen, in verhouding tot waar medewerkers hun diensten verrichten of waar activiteiten voor worden uitgevoerd. Het segment Holding en overig is een kostenplaats en in 2015 kwam de negatieve bijdrage aan het operationele resultaat van de Groep (voor belasting) in 2015 uit op een verlies van €93 miljoen. Per 31 december 2015 bedroeg het eigen vermogen van het segment Holding en overig −€655 miljoen. *Vastgoedontwikkeling:* Het segment Vastgoedontwikkeling (anders dan de "discontinued operations") wordt momenteel afgebouwd en bestaat vooral uit het project Leidsche Rijn Centrum (inclusief bijbehorende verplichtingen en garanties) en het project Centrum Plan Waddinxveen. De overige activiteiten van de Groep op het gebied van vastgoedontwikkeling zijn geclassificeerd als "discontinued operations" voor alle hierin weergegeven perioden. Deze zijn niet opgenomen in de resultaten van het segment Vastgoedontwikkeling. De Groep ziet de activiteiten van het segment Vastgoedontwikkeling niet als kernactiviteiten en heeft het voornemen de projecten van het segment af te ronden of de resterende activiteiten of individuele projecten te verkopen, als dat mogelijk is op commercieel aantrekkelijke voorwaarden, terwijl niet aan nieuwe projecten wordt begonnen. In April 2016 heeft de Groep een deel van deze als "discontinued operations" geclassificeerde vastgoedontwikkelingsactiviteiten verkocht. De resultaten van het segment Vastgoedontwikkeling zijn niet weergegeven in het operationele resultaat van de Groep omdat de activiteiten worden afgebouwd. In 2015 kwam de negatieve bijdrage van het segment Vastgoedontwikkeling aan de winst van de Groep (voor belasting) uit op een verlies van €93 miljoen. Per 31 december 2015 bedroeg het eigen vermogen van het segment Vastgoedontwikkeling −€16 miljoen.

B.4a	De belangrijkste trends die een impact hebben op de Groep en de sectoren waarin zij werkzaam is	De Groep meent dat de volgende ontwikkelingen een belangrijke invloed kunnen hebben op haar strategie en bedrijfsmodel voor de toekomst: • macro-economische ontwikkelingen, lage rentestanden, economisch klimaat en monetaire situatie; • toenemende regelgeving en toezicht, onder meer kapitaalvereisten; • veranderend consumentengedrag en steeds beter geïnformeerde klanten; • consolidatie van intermediairs, groei van marktaandeel van volmachtbedrijven en opkomst van dienstenaanbieders; • continue daling van het premievolume voor individuele levensverzekeringen; • verschuiving van de meer kapitaalintensieve pensioenproducten met toegezegde rechten naar kapitaallichte pensioenproducten op basis van toegezegde bijdragen; en • technologische innovatie.
B.5	Omschrijving van de Groep en de positie van de Vennootschap binnen de Groep	De Vennootschap is een houdstermaatschappij zonder directe bedrijfsactiviteiten. De voornaamste activa van de Vennootschap zijn de aandelenbelangen waarvan zij direct of indirect houdster is in de dochterondernemingen en deelnemingen van de Groep.
B.6	Personen die direct of indirect een substantiële deelneming bezitten in het kapitaal of de stemrechten van de Vennootschap.	De Verkopende Aandeelhouder is de enige houder van Aandelen die per de datum van het Prospectus (direct dan wel indirect) een substantiële deelneming (d.w.z. ten minste 3% van het aandelenkapitaal of de stemrechten zoals bepaald in de Wet op het financieel toezicht) in de Vennootschap heeft. Per de datum van het Prospectus worden alle Aandelen in het kapitaal en alle stemrechten van de Vennootschap gehouden door de Verkopende Aandeelhouder.
	Verschillende stemrechten	Als enig houder van Aandelen heeft de Verkopende Aandeelhouder geen bijzondere stemrechten. Elk Aandeel geeft recht op het uitbrengen van één stem in de algemene vergadering van de Vennootschap (de “**Algemene Vergadering**”).
	Directe en indirecte eigendom in of zeggenschap over de Vennootschap en de aard van die zeggenschap	De Verkopende Aandeelhouder heeft zonder medewerking van de Vennootschap aan de Nederlandse Staat inwisselbare certificaten uitgegeven voor Aandelen waarvan hij houder is. Per de datum van het Prospectus is de Nederlandse Staat de enige eigenaar van alle uitgegeven royeerbare certificaten, zodat de Nederlandse Staat een indirect economisch belang van 100% in de Vennootschap heeft. De Vennootschap is niet op de hoogte van een regeling die op latere datum zou kunnen leiden tot een verandering in de zeggenschap in de Vennootschap, behalve de uitoefening van het aan Stichting Continuïteit ASR Nederland (de “**Stichting**”) verleende recht in te schrijven op preferente aandelen van de Vennootschap (“**Preferente Aandelen**”) ingevolge de koopoptie-overeenkomst aangegaan op of vóór de Afwikkelingsdatum, (zoals hieronder gedefinieerd), tussen de Stichting en de Vennootschap (de “**Koopoptie-overeenkomst**”).
B.7	Geselecteerde belangrijke historische financiële informatie	

Geconsolideerde financiële informatie IFRS

De financiële informatie in de tabellen hieronder is ontleend (i) voor de eerste drie maanden van de boekjaren 2016 en 2015, aan de niet gecontroleerde gecomprimeerde geconsolideerde tussentijdse financiële verslaggeving van de Groep voor de drie maanden geëindigd op 31 maart 2016 waarin vergelijkende informatie is opgenomen per, en voor de drie maanden geëindigd op 31 maart 2015 en (ii) voor de boekjaren 2015, 2014 en 2013, aan de gecontroleerde geconsolideerde jaarrekening van de Groep per, en voor het jaar afgesloten op 31 december 2015, waarin vergelijkende informatie is opgenomen per, en voor de jaren afgesloten op 31 december 2014 en 31 december 2013 (gezamenlijk de "**Historische Financiële Informatie**"). Om de in het Prospectus beschreven financiële informatie beter te kunnen vergelijken voor de diverse verslagperioden en balansdata, evenals met het oog op hieronder nader beschreven latere ontwikkelingen, zijn de Historische Financiële Informatie en de financiële informatie in het Prospectus voor de boekjaren 2014 en 2013 opgesteld overeenkomstig de per 1 januari 2015 doorgevoerde stelselwijzigingen. De informatie over de boekjaren 2014 en 2013 die hierin en in de Historische Financiële Informatie is opgenomen, dient te worden gelezen naast de gecontroleerde geconsolideerde jaarrekeningen van de Groep voor de jaren eindigend op 31 december 2014 en 31 december 2013, die bij verwijzing in dit Prospectus zijn opgenomen.

De Historische Financiële Informatie is opgesteld overeenkomstig de International Financial Reporting Standards, zoals vastgesteld door de Europese Unie ("**IFRS**"), en Titel 9, Boek 2 van het Burgerlijk Wetboek, en moet worden gelezen in samenhang met de bijbehorende toelichtingen en accountantsverklaring. De historische resultaten van de Groep zijn niet noodzakelijk indicatief voor de resultaten die voor toekomstige perioden zouden kunnen worden verwacht.

Op 1 januari 2015 heeft de Groep de volgende drie stelselwijzigingen doorgevoerd:

(i) Verantwoording van acquisitiekosten: voor Levenproducten worden de acquisitiekosten voor verzekeringscontracten nu direct in de winst- en verliesrekening opgenomen en niet geactiveerd voor afschrijving over de looptijd van het desbetreffende verzekeringscontract. De Groep meent dat deze verandering de recente wetswijzigingen voor dit soort producten beter weergeeft. Voor Schadeproducten worden vooruitbetaalde acquisitiekosten voor verzekeringscontracten die voorheen werden opgenomen als geactiveerde acquisitiekosten nu opgenomen onder overige activa, en deze kosten worden gemaakt als percentage van de verdiende premie, gewoonlijk binnen een jaar;

(ii) Waardering van vastgoedbeleggingen: vastgoedbeleggingen worden nu opgenomen tegen de reëele waarde in plaats van tegen kostprijs; en

(iii) Waardering van vastgoed in eigen gebruik: vastgoed in eigen gebruik wordt nu opgenomen tegen de reëele waarde in plaats van tegen kostprijs.

Overeenkomstig IFRS zijn de stelselwijzigingen voor acquisitiekosten en vastgoedbeleggingen met terugwerkende kracht toegepast, terwijl de stelselwijziging voor vastgoed in eigen gebruik is doorgevoerd als herwaarderingsaanpassing per 1 januari 2015. Deze stelselwijzigingen hebben geresulteerd in een toename van het totaal aan eigen vermogen met € 75 miljoen per 31 december 2015, € 682 miljoen per 31 december 2014 en € 642 miljoen per 31 december 2013, evenals een toename van de winst na belasting van € 71 miljoen in 2015, € 42 miljoen in 2014 en een daling van de winst van € 34 miljoen in 2013.

Gegevens winst- en verliesrekening

	Voor de drie maanden geëindigd op 31 maart		**Voor het jaar afgesloten op 31 december**		
	2016	**2015**	**2015**	**2014[(1)]**	**2013[(1)]**
	(x € miljoen) (niet-gecontroleerd)		**(x € miljoen)**		
Bruto geschreven premies	1.626	1.649	4.092	3.787	3.923
Mutatie voorziening niet-verdiende premies	(256)	(247)	16	(4)	1
Bruto verzekeringspremies	**1.370**	**1.402**	**4.108**	**3.783**	**3.924**
Herverzekeringspremies	(31)	(36)	(343)	(140)	(164)
Netto verzekeringspremies	**1.339**	**1.336**	**3.765**	**3.643**	**3.760**

	Voor de drie maanden geëindigd op 31 maart		Voor het jaar afgesloten op 31 december		
	2016	**2015**	**2015**	**2014**[1]	**2013**[1]
	(x € miljoen) (niet-gecontroleerd)		(x € miljoen)		
Beleggingsopbrengsten	324	336	1.360	1.432	1.500
Gerealiseerde winsten en verliezen[2]	56	139	716	451	373
Reële waarde winsten en verliezen[2]	(1)	382	922	565	304
Resultaat beleggingen voor rekening en risico polishouders	(171)	847	559	841	767
Provisie- en commissiebaten	19	10	52	35	45
Overige baten	116	50	85	203	181
Resultaat van deelnemingen en joint ventures	3	—	1	4	15
Totaal baten	**346**	**1.764**	**3.695**	**3.531**	**3.185**
Verzekeringstechnische lasten en uitkeringen	(1.127)	(2.616)	(5.541)	(5.197)	(5.113)
Aandeel herverzekeraars	24	25	291	100	110
Netto verzekeringstechnische lasten en uitkeringen	**(1.103)**	**(2.591)**	**(5.250)**	**(5.097)**	**(5.003)**
Operationele lasten[3]	(135)	(131)	(575)	(524)	(529)
Lasten reorganisatievoorziening	(3)	(5)	(30)	(28)	(24)
Acquisitiekosten[4]	(91)	(95)	(369)	(387)	(427)
Bijzondere waardeverminderingen[2]	11	1	29	(101)	(39)
Rentelasten	(70)	(63)	(243)	(315)	(357)
Overige lasten[2]	(36)	(30)	(242)	(188)	(249)
Totaal lasten	**(324)**	**(323)**	**(1.430)**	**(1.543)**	**(1.625)**
Winst voor belastingen	**258**	**216**	**780**	**534**	**317**
Belastingen baten / lasten[2],[4]	(58)	(30)	(150)	(108)	(74)
Winst uit *'continuing operations'*	**200**	**186**	**630**	**426**	**243**
Winst / verlies uit *'discontinued operations'*[5]	13	—	(26)	(5)	(1)
Winst over de periode	**213**	**186**	**604**	**421**	**242**
Minderheidsbelangen[6]	1	(2)	(3)	2	5
Winst toewijsbaar aan houders van eigen-vermogensinstrumenten	**214**	**184**	**601**	**423**	**247**

(1) Aangepast om in 2015 doorgevoerde stelselwijzigingen weer te geven. Zie voor meer informatie onder "—Geconsolideerde Financiële Informatie IFRS" hierboven.

(2) In 2015 doorgevoerde stelselwijzigingen in verband met vastgoedbeleggingen hebben geleid tot de volgende materiële aanpassingen van de gerapporteerde cijfers in de gecontroleerde geconsolideerde jaarrekeningen van de Groep voor de jaren eindigend op 31 december 2014 en 31 december 2013:

(i) Verlaging van gerealiseerde winsten en verliezen met € 46 miljoen in 2014 en € 113 miljoen in 2013 vanwege de latere verkoop van tegen reële waarde opgenomen vastgoed.

(ii) Verhoging van reële waarde winsten en verliezen met € 32 miljoen in 2014 en verlaging met € 44 miljoen in 2013 als gevolg van de herwaardering van vastgoed tegen reële waarde.

(iii) Verlaging bijzondere waardeverminderingen met € 17 miljoen in 2014 en € 52 miljoen in 2013 wegens terugname van bijzondere waardeverminderingen geboekt op eerder tegen kostprijs opgenomen vastgoedbeleggingen.

(iv) Verlaging overige lasten met € 29 miljoen in 2014 en € 32 miljoen in 2013 wegens afschrijvingslasten in verband met eerder tegen kostprijs opgenomen vastgoedbeleggingen.

(v) De stelselwijzigingen hebben ook geleid tot een belastinglast van € 7 miljoen in 2014 en een belastingbesparing van € 18 miljoen in 2013.

(3) De operationele lasten voor 2011 bedroegen € 603 miljoen en voor 2012 € 567 miljoen.

(4) In 2015 doorgevoerde stelselwijzigingen in verband met acquisitiekosten hebben geleid tot de volgende aanpassingen van de gerapporteerde cijfers in de gecontroleerde geconsolideerde jaarrekeningen van de Groep voor de jaren eindigend op 31 december 2014 en 31 december 2013:

(i) Afname acquisitiekosten met € 26 miljoen in 2014 en € 28 miljoen in 2013 vanwege een lagere afschrijving van geactiveerde acquisitiekosten van eerdere jaren en de directe opname als lasten van commissies in 2014 en 2013.

(ii) De stelselwijzigingen hebben ook geleid tot een belastinglast van € 7 miljoen in 2014 en een belastinglast van € 8 miljoen in 2013.

(5) De classificatie van SOS International en een deel van het segment Vastgoedontwikkeling als "beëindigde bedrijfsactiviteiten" ("**discontinued operations**") heeft geleid tot de volgende aanpassingen van de gerapporteerde cijfers in de gecontroleerde geconsolideerde jaarrekeningen van de Groep voor de jaren eindigend op 31 december 2014 en 31 december 2013: Afname beleggingsopbrengsten met € 1 miljoen (2013: € 0 miljoen); afname van overige baten met € 32 miljoen (2013: afname met € 24 miljoen); toename van resultaat van deelnemingen en joint ventures met € 8 miljoen (2013: toename met € 1 miljoen); afname van operationele lasten met € 17 miljoen (2013: afname met € 18 miljoen); afname van overige lasten met € 13 miljoen (2013: afname met € 6 miljoen). Het netto effect was een toename van de winst na belasting met € 5 miljoen (2013: toename winst na belasting met € 1 miljoen).

(6) Het minderheidsbelang betreft joint ventures binnen het segment Vastgoedontwikkeling en binnen "discontinued operations" in verband met gezamenlijke ontwikkelingsprojecten.

Balansgegevens

	Per 31 maart	Per 31 december		
	2016	2015	2014[1]	2013[1]
	(x € miljoen) (niet-gecontroleerd)	(x € miljoen)		
Immateriële activa	268	272	139	253
Geactiveerde acquisitiekosten[2]	—	—	—	—
Materiële vaste activa	169	166	140	97
Vastgoedbeleggingen[3]	2.644	2.667	2.833	2.759
Geassocieerde deelnemingen joint ventures	21	20	42	42
Beleggingen	26.200	25.063	22.963	19.688
Beleggingen voor rekening en risico polishouders	7.571	7.924	7.957	7.705
Leningen en vorderingen	10.861	10.486	9.607	8.794
Derivaten	3.627	2.196	3.435	1.054
Uitgestelde belastingvorderingen[2],[3]	513	516	247	14
Herverzekeringscontracten	612	611	419	407
Overige activa[2],[3]	671	711	737	718
Liquide middelen	4.310	2.628	3.135	1.521
Activa aangehouden voor verkoop	80	78	—	—
Totaal activa	**57.547**	**53.338**	**51.654**	**43.052**
Aandelenkapitaal	100	100	100	100
Agioreserve	962	962	962	962
Ongerealiseerde winsten en verliezen	656	686	737	581
Actuariële winsten en verliezen	(707)	(467)	(634)	(107)
Overige reserves	2.293	1.692	1.440	1.377
Winst over het verslagjaar	214	601	423	247
Totaal eigen vermogen toewijsbaar aan aandeelhouders	**3.518**	**3.574**	**3.028**	**3.160**
Overige eigen-vermogensinstrumenten	701	701	701	515
Eigen vermogen toewijsbaar aan houders van eigen-vermogensinstrumenten[2],[3]	**4.219**	**4.275**	**3.729**	**3.675**
Minderheidsbelangen	(17)	(16)	(20)	(18)
Totaal eigen vermogen	**4.202**	**4.259**	**3.709**	**3.657**

	Per 31 maart	Per 31 december		
	2016	2015	2014[(1)]	2013[(1)]
	(x € miljoen) (niet-gecontroleerd)	(x € miljoen)		
Achtergestelde schulden—Totaal	497	497	—	—
Verplichtingen inzake verzekeringscontracten[(2)]	33.422	30.573	28.226	23.893
Verplichtingen inzake verzekeringscontracten voor rekening en risico polishouders	9.726	9.997	9.779	8.992
Personeelsbeloningen	3.180	2.962	3.123	2.426
Voorzieningen	55	50	38	36
Financieringen	53	55	117	98
Derivaten	582	377	387	535
Schulden aan klanten	1.866	1.760	1.949	1.366
Schulden aan banken	2.954	1.804	3.277	677
Overige verplichtingen	983	966	1.049	1.372
Verplichtingen gerelateerd aan activa aangehouden voor verkoop	27	38	—	—
Totaal verplichtingen	**53.345**	**49.079**	**47.945**	**39.395**
Totaal verplichtingen en eigen vermogen	**57.547**	**53.338**	**51.654**	**43.052**

(1) Aangepast om in 2015 doorgevoerde stelselwijzigingen weer te geven. Zie voor meer informatie onder "—Geconsolideerde Financiële Informatie IFRS" hierboven.

(2) In 2015 doorgevoerde stelselwijzigingen in verband met acquisitiekosten hebben geleid tot de volgende aanpassingen van de gerapporteerde cijfers in de gecontroleerde geconsolideerde jaarrekeningen van de Groep voor de jaren eindigend op 31 december 2014 en 31 december 2013:

(i) Afname van geactiveerde kosten met € 213 miljoen in 2014 en met € 241 miljoen in 2013 omdat de acquisitiekosten nu direct in de winst- en verliesrekening worden opgenomen en niet worden geactiveerd voor afschrijving over de looptijd van het desbetreffende verzekeringscontract. Verder worden vooruitbetaalde commissies voor Schadeproducten die voorheen als geactiveerde acquisitiekosten werden opgenomen, nu onder overige activa opgenomen.

(ii) Toename overige activa met € 56 miljoen in 2014 en € 57 miljoen in 2013 omdat vooruitbetaalde commissies voor Schadeproducten die voorheen als geactiveerde acquisitiekosten werden opgenomen, nu worden opgenomen onder overige activa.

(iii) Toename verplichtingen inzake verzekeringscontracten met € 3 miljoen in 2014 en € 4 miljoen in 2013.

(iv) Afname eigen vermogen toewijsbaar aan houders van eigen-vermogensinstrumenten met € 122 miljoen in 2014 en € 142 miljoen in 2013 omdat alle kosten gemaakt voor de acquisitie van verzekeringen (acquisitiekosten) direct ten laste van het resultaat worden gebracht.

(v) Fiscaal hebben deze wijzigingen geleid tot een toename van de uitgestelde belastingvorderingen met € 38 miljoen in 2014 en € 46 miljoen in 2013.

(3) In 2015 doorgevoerde stelselwijzigingen in verband met vastgoedbeleggingen hebben geleid tot de volgende aanpassingen van de gerapporteerde cijfers in de gecontroleerde geconsolideerde jaarrekeningen van de Groep voor de jaren eindigend op 31 december 2014 en 31 december 2013:

(i) Verhoging van vastgoedbeleggingen met € 1.069 miljoen in 2014 en met € 1.042 miljoen in 2013 als gevolg van de herwaardering tegen reële waarde.

(ii) Toename van overige activa met € 4 miljoen in zowel 2014 als 2013.

(iii) Toename van eigen vermogen toewijsbaar aan houders van eigen-vermogensinstrumenten met € 804 miljoen in 2014 en € 784 miljoen in 2013 als gevolg van de hogere reële waarde van vastgoedbeleggingen.

(iv) Fiscaal hebben deze wijzigingen geleid tot een toename van de uitgestelde belastingverplichtingen met € 269 miljoen in 2014 en € 260 miljoen in 2013.

Informatie kasstroomoverzicht

	Voor de drie maanden geëindigd op 31 maart		Voor het jaar afgesloten op 31 december		
	2016	2015	2015	2014	2013
	(x € miljoen) (niet-gecontroleerd)		(x € miljoen)		
Geldmiddelen en kasequivalenten per het begin van de periode	2.631	3.135	3.135	1.521	2.556
Kasstroom uit operationele activiteiten	1.681	1.856	(485)	1.683	(811)
Kasstroom uit investeringsactiviteiten	(4)	(49)	(293)	(67)	(62)
Kasstroom uit financieringsactiviteiten	3	(37)	274	(2)	(162)
Geldmiddelen en kasequivalenten per ultimo periode	**4.311**	**4.905**	**2.631**	**3.135**	**1.521**
Waarvan geldmiddelen en kasequivalenten aangehouden voor verkoop[1]	1	—	3	—	—

(1) Overeenkomstig de IFRS-vereisten zijn de cijfers in het kasstroomoverzicht aangepast voor alle activiteiten die per 31 maart 2016 waren geclassificeerd als "discontinued" (dit betreft dezelfde activiteiten die zijn geclassificeerd als "discontinued" per 31 december 2015). De classificatie als "discontinued operations" heeft geleid tot de volgende aanpassingen van de gerapporteerde cijfers in de gecontroleerde geconsolideerde jaarrekeningen van de Groep voor de jaren eindigend op 31 december 2014 en 31 december 2013: € 0 respectievelijk € 1 miljoen.

Belangrijke prestatie-indicatoren en niet op IFRS gebaseerde financiële maatstaven

Het Prospectus bevat bepaalde financiële maatstaven die geen maatstaven zijn overeenkomstig IFRS, zoals het operationeel resultaat. Deze niet op IFRS gebaseerde financiële maatstaven zijn geen maatstaven voor financieel resultaat overeenkomstig IFRS en mogen niet worden gezien als een vervanging voor financiële maatstaven volgens IFRS. Verder zijn dergelijke, door de Groep gedefinieerde maatstaven mogelijk niet vergelijkbaar met door andere ondernemingen gehanteerde maatstaven met een vergelijkbare naam. Omdat voornoemde niet op IFRS gebaseerde financiële maatstaven niet zijn gedefinieerd volgens IFRS, kan het zijn dat andere ondernemingen ze op een andere manier berekenen dan de Groep, waardoor ze minder bruikbaar zijn voor vergelijkingen. De Groep meent dat deze niet op IFRS gebaseerde maatstaven belangrijk zijn om het resultaat en de kapitaalpositie van de Groep te begrijpen.

Operationeel resultaat

Het operationeel resultaat wordt bepaald door aanpassing van de overeenkomstig IFRS gerapporteerde winst voor belasting, gecorrigeerd voor de stelselwijzigingen en de volgende posten (de "**Incidentele posten**"): (i) beleggingsopbrengsten met een incidenteel karakter (inclusief kapitaalwinsten en -verliezen, bijzondere waardeverminderingen en veranderingen in de reële waarde) uit financiële instrumenten in eigen gebruik, rekening houdend met het effect van de desbetreffende shadow accounting en additionele voorzieningen erkend voor gerealiseerde kapitaalwinsten en -verliezen op financiële activa ("compensatie van gerealiseerde kapitaalwinsten"); (ii) veranderingen in de verzekeringsreserves in verband met een wijziging van de methodiek met een effect van ruim € 10 miljoen; (iii) resultaten uit niet-kernactiviteiten (inclusief het segment Vastgoedontwikkeling); en (iv) overige niet terugkerende of eenmalige posten, die niet gerelateerd zijn aan de kern- en/of lopende activiteiten van de Groep, zoals reorganisatiekosten, veranderingen van de eigen pensioenregeling en lasten in verband met de privatisering van de Groep.

Aansluiting van Operationeel resultaat op Winst voor belasting IFRS

	Voor de drie maanden geëindigd op 31 maart		Voor het jaar afgesloten op 31 december		
	2016	2015	2015	2014[1]	2013[1]
	(x € miljoen) (niet gecontroleerd)		(x € miljoen) (niet-gecontroleerd, tenzij anders vermeld)		
Winst voor belastingen	**258**	**216**	**780[2]**	**534[2]**	**317[2]**
Incidentele beleggingsopbrengsten:					
Meerwaarden[3]	(10)	(36)	(194)	(156)	(174)
Bijzondere waardevermindering[4]	(11)	(1)	(12)	(13)	39
Ongerealiseerde meerwaarden[5]	(19)	(37)	(165)	(48)	77
Totaal incidentele beleggingsopbrengsten	**(40)**	**(74)**	**(372)**	**(217)**	**(58)**

	Voor de drie maanden geëindigd op 31 maart		Voor het jaar afgesloten op 31 december		
	2016	2015	2015	2014[1]	2013[1]
	(x € miljoen) (niet gecontroleerd)		(x € miljoen) (niet-gecontroleerd, tenzij anders vermeld)		
Overige incidentele posten:					
Reorganisatiekosten[6]	3	5	30	28	24
Opstartkosten[7]	(1)	2	7	7	1
Effect eigen pensioenregeling[8]	(107)	1	(40)	(78)	(27)
Aan aandeelhouder en exit gerelateerde kosten[9]	4	5	24	13	8
Bijzondere waardevermindering VOBA[10]	—	—	—	93	—
Resultaat van niet-kernactiviteiten[11]	8	(1)	92	11	66
Overig[12]	7	(26)	(1)	26	1
Totaal overige incidentele posten	**(86)**	**(14)**	**113**	**100**	**73**
Operationeel resultaat	**132**	**128**	**521**	**417**	**332**
waarvan Schade	32	34	169	155	(35)
waarvan Leven	121	102	434	349	446
waarvan Bank en asset management	—	4	12	7	4
waarvan Distributie en services	8	3	3	2	1
waarvan Holding en overig	(30)	(17)	(93)	(102)	(84)
waarvan Eliminaties[13]	1	2	(4)	6	—

(1) Volgens de in 2015 doorgevoerde stelselwijzigingen. Zie voor meer informatie onder "—Geconsolideerde Financiële Informatie IFRS" hierboven.

(2) De cijfers voor 2015 zijn gecontroleerd, de cijfers voor 2014 en 2013 zijn ontleend aan of afgeleid van de gecontroleerde jaarrekening.

(3) Correctie wordt toegepast voor terugname van de waardestijgingen en -dalingen op de beleggingsportefeuille waartegen geen compensatie is geboekt via de technische voorziening en die direct in de winst- en verliesrekening worden opgenomen. Kapitaalwinst op vastrentende instrumenten bedroeg € 6 miljoen voor het eerste kwartaal van 2016 (eerste kwartaal van 2015: € 18 miljoen). Kapitaalwinst op aandelen bedroeg € 4 miljoen voor het eerste kwartaal van 2016 (eerste kwartaal van 2015: € 17 miljoen) Kapitaalwinst op vastrentende instrumenten bedroeg € 42 miljoen in 2015 (2014: € 61 miljoen; 2013: € 90 miljoen). Kapitaalwinst op aandelen bedroeg € 149 miljoen in 2015 (2014: € 96 miljoen; 2013: € 85 miljoen).

(4) In het eerste kwartaal van 2016 vond een terugname van bijzondere waardeverminderingen op de portefeuille vastrentende instrumenten plaats van € 16 miljoen, voornamelijk als gevolg van de terugname van eerdere bijzondere waardeverminderingen van corporate bonds (€ 11 miljoen) en € 1 miljoen in het eerste kwartaal van 2015. In het eerste kwartaal van 2016 werden aandelen gewaardeerd op € 1 miljoen (eerste kwartaal van 2015: 0). Daarnaast vond in het eerste kwartaal van 2016 een afwaardering plaats van € 4 miljoen op leningen en vorderingen en schulden (eerste kwartaal van 2015: terugname van € 1 miljoen). In 2014 vond een terugname van bijzondere waardeverminderingen op de portefeuille vastrentende instrumenten plaats van € 35 miljoen in 2014 (2013: terugname van € 46 miljoen). Aandelen werden in 2014 afgewaardeerd met € 26 miljoen (2013: € 14 miljoen). In 2013 werd een bedrag van € 63 miljoen afgewaardeerd op leningen en vorderingen en schulden aan kredietinstellingen, onder meer SNS Reaal (€ 28 miljoen), en partners en intermediairs (€ 26 miljoen). Daarnaast vond in 2013 een terugname van bijzondere waardevermindering op hypothecaire leningen plaats (€ 14 miljoen), terwijl bijzondere waardeverminderingen werden geboekt op vastgoed in eigen gebruik in 2013 (€ 21 miljoen).

(5) De ongerealiseerde kapitaalwinsten en -verliezen van beleggingen op basis van reële waarde via winst en verlies, inclusief het effect van shadow accounting, worden op eenzelfde wijze teruggenomen als kapitaalwinsten en -verliezen. Het beleid van de Groep inzake shadow accounting, zoals toegestaan volgens IFRS, betreft het corrigeren van de verzekeringsverplichting voor de ongerealiseerde waardestijgingen of -dalingen van de onderliggende financiële instrumenten van die verplichting. Deze shadow correcties worden onder dezelfde post geboekt als de desbetreffende mutatie van de belegging. Door veranderingen in de waarde van onderliggende financiële instrumenten van verzekeringsverplichtingen en in de desbetreffende verzekeringsverplichtingen zelf op deze manier consequent te verantwoorden en weer te geven, wordt de kans op inconsistente verslaglegging verkleind. Ongerealiseerde kapitaalwinsten via de winst- en verliesrekening waren in 2014 weer positief, na de verliezen in 2013, overwegend voor vastrentende waarden en vastgoedbeleggingen, onder invloed van, respectievelijk, de lagere rentestanden en het herstel van de vastgoedmarkten.

(6) Het eerste kwartaal van 2016 bevat € 3 miljoen aan reorganisatiekosten betreffende 21 fte's en het eerste kwartaal van 2015 bevat € 5 miljoen reorganisatiekosten betreffende 36 fte's. In 2015 werd € 30 miljoen aan reorganisatiekosten betreffende 218 fte's opgenomen; in 2014 werd € 28 miljoen opgenomen voor voorzieningen in verband met diverse reorganisaties met een totale omvang van 207 fte's; en in 2013 werd € 24 miljoen aan voorzieningen opgenomen voor 170 fte's. De voorzieningen voor personeelsreorganisatie zijn gebaseerd op afspraken in de cao van de Groep, reorganisatieplannen en besluiten van het management van de Groep.

(7) Geeft in elke periode de opstartkosten weer in verband met Solid Mortgages B.V., een project waarmee de Vennootschap is gestopt, zodat de kosten in verband met dit project als niet-kern worden beschouwd.

(8) Voor het eerste kwartaal van 2016 was de correctie van € 107 miljoen voornamelijk het gevolg van een wijziging in indexatie-aannamen die zijn toegepast op de berekening van pensioenvoorziening voor de toegezegd pensioenregeling van niet actieve deelnemers in de zin van IAS 19. Voor 2015 bestaat de correctie van € 40 miljoen deels uit aan de (eigen) pensioenregeling toewijsbare overrente (vooral meerwaarden) van € 30 miljoen. Dit wordt niet beschouwd als beleggingsopbrengsten omdat de Groep verwacht dat dit later nodig zal zijn om de indexatie van zijn pensioenverplichting te financieren. De resterende € 10 miljoen betreft een verrekening in 2015 tussen het segment Holding en het segment Leven die abusievelijk niet was geëlimineerd ultimo 2014. De Groep voerde voor de geconstateerde fout geen correcties door met terugwerkende kracht. In 2014 paste de Groep de indexatie voor niet-actieve deelnemers aan door voor een groot deel van hen over te gaan van onvoorwaardelijke op voorwaardelijke indexatie van aanspraken, met als resultaat dat € 78 miljoen vrijkwam uit de IAS19-voorziening. In 2013 werd het opbouwpercentage voor alle actieve deelnemers van de pensioenregeling gewijzigd in 1,9% per 1 januari 2014 (*Witteveenkader*). Deze wijziging wordt weergegeven door het positieve resultaat van € 27 miljoen voor pensioenkosten van verstreken diensttijd.

(9) Geeft in elke periode de door NLFI in rekening gebrachte kosten weer; in 2014 en 2013 zijn ook de kosten in verband met eerdere privatiseringsprocessen van de Groep opgenomen.

(10) In 2014 is een waardevermindering van € 93 miljoen op de Value Of Business Acquired ("**VOBA**") geboekt gezien de structurele marktontwikkeling in de Levenportefeuilles met beleggingsverzekeringen

(11) Winst voor belasting van het segment Vastgoedontwikkeling (anders dan "discontinued operations"). Omdat de Groep de Vastgoedontwikkelingsbusiness niet langer kwalificeert als één van haar kernactiviteiten en aangezien deze business wordt afgebouwd, zijn de resultaten van het segment Vastgoedontwikkeling niet opgenomen in het operationele resultaat van de Groep.

(12) Voor het eerste kwartaal van 2016 is de balans van € 6 miljoen gerelateerd aan een voorziening voor BTW voor de voorgaande vijf jaren. De balans van het eerste kwartaal van 2015 bestaat voornamelijk uit de verkrijging van € 25 miljoen als gevolg van beëindigde en verlopen uitstaande item-accounts met betrekking tot voormalige pensioenplannen. Voor 2014 betreft dit bedrag primair voorzieningen van € 18 miljoen voor een vordering van gepensioneerden (eigen medewerkers) die het niet eens zijn met de afschaffing van kortingen op ziektekostenverzekeringen. Daarnaast heeft het betrekking op een eenmalige betaling door de Groep van € 14 miljoen aan (ex-)medewerkers voor de verhoging van de pensioenleeftijd van 65 naar 67. Deze uitgaven zijn deels gecompenseerd door een vergoeding van € 7 miljoen voor de beëindiging van een herontwikkelingsovereenkomst met betrekking tot een vastgoedontwikkelingsproject.

(13) Correctie betreft eliminaties tussen segmenten.

Belangrijke prestatie-indicatoren

	Voor de drie maanden geëindigd op 31 maart		Voor het jaar afgesloten op 31 december		
	2016	**2015**	**2015**	**2014**[1]	**2013**[1]
	(x € miljoen, tenzij anders vermeld) (niet-gecontroleerd)		(x € miljoen, tenzij anders vermeld) (niet-gecontroleerd, tenzij anders vermeld)		
Segment Schade					
Bruto geschreven premies[2]	841	830	2.350	2.359	2.392
Combined ratio*[3]	96,0%	96,5%	95,0%	94,8%	104,9%
Segment Leven					
Bruto geschreven premies[2]	843	874	1.828	1.543	1.666
Winstgevendheid nieuwe productie[4]:					
NB RaRoRac*	n.v.t.	n.v.t.	5,5%	n.v.t.	n.v.t.
VANB*	n.v.t.	n.v.t.	6	(17)	7
Operationele lasten[5]	48	45	205	178	194
Andere segmenten					
Bank en asset management—Groei operationeel resultaat*[6]	(100)%	n.v.t.	71%	75%	n.v.t.
Distributie en services—Groei operationeel resultaat*[6]	167%	n.v.t.	50%	100%	n.v.t.

	Voor de drie maanden geëindigd op 31 maart		Voor het jaar afgesloten op 31 december		
	2016	2015	2015	2014[1]	2013[1]
	(x € miljoen, tenzij anders vermeld) (niet-gecontroleerd)		(x € miljoen, tenzij anders vermeld) (niet gecontroleerd, tenzij anders vermeld)		
Groep					
Netto resultaat[7]	214	184	601[8]	423[8]	247[8]
Operationeel resultaat*[9]	132	128	521	417	332
Operationele lasten uit reguliere bedrijfsvoering*[10]	130	123	538	485	510
Rendement op eigen vermogen (Return on equity—ROE)*[11]	23,2%	21,4%	17,2%	11,0%	7,1%
Operationeel rendement op eigen vermogen (Operating ROE)*[12]	12,6%	14,8%	13,9%	11,7%	9,0%
DNB Solvency I ratio**[13] (ultimo periode)	n.v.t.	n.v.t.	305%[8]	285%[8]	268%[8]
Solvency II ratio (mid-point estimate ultimo periode gebaseerd op de standaardformule)**[14]	~185%	n.v.t.	185%	169%	n.v.t.
Rentedekkingsratio**[15] (ultimo periode)	15,0	16,1	14,6	11,2	7,2
Operationeel rentedekkingsratio*[16] (ultimo periode)	7,8	9,6	9,8	8,8	7,5
Ratio financiële hefboom*[17] (ultimo periode)	25,4%	n.v.t.	25,1%	23,9%	14,0%
Ratio dubbele hefboom[18]	105,5%	n.v.t.	101,9%	121,0%	116,9%

* Niet op IFRS gebaseerde financiële maatstaf, die geen maatstaf voor financieel resultaat is volgens IFRS en niet moet worden gezien als vervanging van een wel op IFRS gebaseerde financiële maatstaf. Een dergelijke, door de Groep gedefinieerde maatstaf is mogelijk niet vergelijkbaar met door andere ondernemingen gehanteerde maatstaven met een vergelijkbare naam.

** Wettelijk verplichte ratio.

(1) Volgens de in 2015 doorgevoerde stelselwijzigingen.

(2) Volledig bedrag aan premies (verdiend en niet-verdiend) voor in de periode geschreven of veronderstelde verzekeringscontracten, zonder aftrek wegens aan herverzekeraars overgedragen premies.

(3) Som van netto lasten en uitkeringen in Schade (na aftrek van opgelopen rente op reserves, compensatie voor gerealiseerde kapitaalwinsten en prudente marge voor Ziektekosten), netto provisie- en commissielasten en operationele lasten (exclusief beleggingskosten), als percentage van netto verdiende premies.

(4) Valued Added by New Business ("**VANB**") en Risk Adjusted Capital On New Business ("**NB RaRoRac**") betreffen de toegevoegde waarde van nieuwe productie geschreven in de verslagperiode op basis van de contante waarde van verwachte kasstromen en zijn exclusief toekomstige nieuwe productie. Anders dan VANB wordt in NB RaRoRac niet alleen rekening gehouden met het vereiste kapitaal voor verzekering, de tegenpartij- en operationele risico's, maar ook met het vereiste kapitaal voor marktrisico (d.w.z. rentestand-, krediet-, aandelenkoers- en vastgoedrisico's). Beide maatstaven worden elk kwartaal bepaald, ten behoeve van interne management doeleinden, aan de hand van de economische aannamen ultimo kwartaal, behalve voor het koopsombedrijf, dat wordt gewaardeerd aan de hand van economische aannamen op het moment van verkoop (point of sale). De meeste operationele aannamen worden jaarlijks herijkt, behalve die voor inflatie en opstartkosten, welke worden herijkt op kwartaalbasis. In de bovenstaande tabel zijn uitsluitend de VANB en NB RaRoRac cijfers van het gehele jaar gepresenteerd, aangezien de meeste operationele aannamen op jaarlijkse basis gefixeerd zijn. Een positieve VANB betekent dat het rendement op nieuwe geschreven productie na belasting (exclusief beleggingsrendementen), op basis van de gehanteerde aannamen, naar verwachting hoger is dan het risicovrij rendement plus kapitaalkosten. Het NB RaRoRac wordt weergegeven als percentage van het vereiste kapitaal met betrekking tot de nieuwe productie en wordt vergeleken met de interne hurdle rate op basis van het risicovrij rendement plus kapitaalkosten. Sinds 2015 meet de Groep de winstgevendheid van nieuwe productie met behulp van NB RaRoRac. Voor de jaren 2013, 2014 en 2015 maakte de Groep gebruik van VANB.

(5) Kosten in verband met de activiteiten van het segment die direct toewijsbaar zijn aan de verslagperiode, zoals voor marketing, IT, advies, huisvesting, tijdelijk personeel en afschrijvingslasten. Personeelskosten bestaan hoofdzakelijk uit salarissen, sociale zekerheidsbijdragen en pensioenkosten.

(6) Het percentage waarmee het operationeel resultaat is gestegen in een gegeven periode voor het weergegeven segment (met inbegrip van bijdragen van acquisities), ten opzichte van de vorige periode.

(7) Netto winst voor de periode toewijsbaar aan houders van eigen-vermogensinstrumenten gerapporteerd volgens IFRS. Het netto resultaat wijkt af van de winst voor deze periode, aangezien de netto winst exclusief de bedragen toewijsbaar aan minderheidsbelangen is.

(8) De cijfers voor 2015 zijn gecontroleerd, de cijfers voor 2014 en 2013 zijn ontleend aan of afgeleid van de gecontroleerde jaarrekening.

(9) Winst voor belasting gerapporteerd volgens IFRS, gecorrigeerd voor stelselwijzigingen en incidentele posten. Zie voor meer informatie "—Aansluiting van Operationeel resultaat op Winst voor belasting IFRS" hiervoor.

(10) Operationele lasten gerapporteerd volgens IFRS, gecorrigeerd op dezelfde basis als het operationeel resultaat, namelijk voor stelselwijzigingen en incidentele posten. Zie voor meer informatie "—Aansluiting van Operationeel resultaat op Winst voor belasting IFRS" hiervoor.

(11) Berekend als aangepaste winst toewijsbaar aan houders van eigen-vermogensinstrumenten verminderd met rente op hybride instrumenten (na aftrek belastingen), gedeeld door gemiddeld eigen vermogen (exclusief hybride instrumenten). Het rendement per kwartaal op aandelen voor de drie maanden geëindigd op 31 maart 2016 en 2015, was geannualiseerd met een vermenigvuldiging van 4. Het kwartaalcijfer dat is gebruik voor de annualisering van het rendement op de aandelen is niet noodzakelijkerwijs representatief voor het rendement op de aandelen voor de resterende drie kwartalen van het desbetreffende jaar.

(12) Berekend als operationeel resultaat verminderd met kosten van hybride kapitaal (na aftrek van 25% belasting en betalingen van boeterente), gedeeld door gemiddeld eigen vermogen (exclusief (i) hybride instrumenten; (ii) reserve ongerealiseerde winsten en verliezen en (iii) eigen vermogen toewijsbaar aan het segment Vastgoedontwikkeling (zowel "continuing operations" als "discontinued operations") en SOS International. Het operationele rendement per kwartaal op aandelen voor de drie maanden geëindigd op 31 maart 2016 en 2015, was geannualiseerd met een vermenigvuldiging van 4. Het kwartaalcijfer dat is gebruik voor de annualisering van het operationele rendement op de aandelen is niet noodzakelijkerwijs representatief voor het operationele rendement op de aandelen voor de resterende drie kwartalen van het desbetreffende jaar.

(13) Beschikbaar solvabiliteitskapitaal als percentage van vereist solvabiliteitskapitaal, beide zoals gedefinieerd in de Richtlijn 98/78/EG inzake verzekeringsgroepen (op basis van de swapcurve van de Nederlandsche Bank ("**DNB**") inclusief de ultimate forward rate ("**UFR**"), zoals gepubliceerd door DNB). Per 1 januari 2016 is Solvency I vervangen door Solvency II.

(14) De Solvency II ratio (mid-point estimate) wordt berekend op basis van de ratio tussen beschikbaar en vereist kapitaal gemeten met de standaard formule volgens het Solvency II regelgevingskader. Als gevolg van inherente onzekerheden kan de gepresenteerde Solvency II ratio variëren. De gepresenteerde Solvency II ratio kan variëren binnen een bandbreedte van −10 percentage punten en +10 percentage punten verwant aan de mid-point estimate. De vermelde Solvency II ratio's geven de aftrek van het voorgestelde dividend over het betrokken jaar weer. De manier waarop de Solvency II cijfers moeten worden berekend, heeft een aantal wijzigingen ondergaan tijdens de totstandkoming en voltooiing van het Solvency II regelgevingskader. Omdat de methodiek voor berekening van de Solvency II ratio in 2015 is gewijzigd, dient de Solvency II ratio voor 2014 niet direct te worden vergeleken met die voor 2015. Gezien de gewijzigde methodiek is voor 2013 geen Solvency II ratio opgenomen. Hoewel de Groep geen Solvency II ratio's op kwartaalbasis publiceert is de inschatting van de Groep dat de Solvency II ratio per 31 maart 2016 binnen dezelfde bandbreedte zal zijn als de Solvency II ratio per 31 december 2015.

(15) Winst voor belasting (exclusief rentelasten voor schuldbewijzen) / Totaal rentelasten voor schuldbewijzen.

(16) Operationeel resultaat voor belastingen (exclusief rentelasten voor schuldbewijzen) / Totaal rentelasten voor schuldbewijzen.

(17) Berekend als financiële hefboom (d.w.z. uitstaande hybride instrumenten en niet-achtergestelde leningen) gedeeld door financiële hefboom plus eigen vermogen toe te rekenen aan aandeelhouders.

(18) Berekend als totaal eigen vermogen dochtermaatschappijen gedeeld door eigen vermogen Groep, plus hybride instrumenten.

B.8	Geselecteerde belangrijke pro forma financiële informatie	Niet van toepassing. In het Prospectus is geen pro forma financiële informatie opgenomen.
B.9	Winstprognose	Niet van toepassing; de Vennootschap heeft geen winstprognose afgegeven.
B.10	Historie van afgifte van niet goedkeurende verklaringen van de accountant.	Niet van toepassing; er zijn geen niet goedkeurende verklaringen.
B.11	Verklaring over werkkapitaal	De Groep meent over voldoende werkkapitaal en liquiditeit te beschikken om gedurende ten minste 12 maanden na de datum van het Prospectus aan zijn verplichtingen te voldoen.
	Afdeling C—Effecten	
C.1	Beschrijving van type en categorie van de effecten die tot de handel worden toegelaten, inclusief security identification number	De Aandelen zijn gewone aandelen in het aandelenkapitaal van de Vennootschap. Er is een aanvraag ingediend voor toelating van de Aandelen tot de handel op Euronext in Amsterdam onder het symbool "ASRNL" met ISIN-code NL0011872643 en Common Code 141783629.

C.2	Valuta van de Aandelen	De Aandelen luiden in en zullen worden verhandeld in euro's.
C.3	Aantal Aandelen en nominale waarde	Voorafgaand aan het passeren van de notariële akte van wijziging van de statuten van de Vennootschap (de "**Akte van Wijziging**") bedraagt het uitgegeven aandelenkapitaal van de Vennootschap €100.000.000, onderverdeeld in 200.000 Aandelen met een nominale waarde van €500 per stuk. Na het passeren van de Akte van Wijziging, welke zal worden gepasseerd vóór Afwikkeling, bedraagt het maatschappelijk kapitaal € 469.000.000, onderverdeeld in 350.000.000 Aandelen en 350.000.000 Preferente Aandelen met een nominale waarde van € 0,67 en bestaat het uitgegeven aandelenkapitaal uit 150.000.000 Aandelen. Vervolgens zal de nominale waarde van de Aandelen en de Preferente Aandelen worden verlaagd naar € 0,16 middels een kapitaalvermindering die zal worden uitgevoerd zodra dit realiseerbaar is na het passeren van de Akte van Wijziging en vóór Afwikkeling.
C.4	Aan de Aandelen verbonden rechten	Verwijzingen naar de "**Statuten**" in de hiernavolgende tekst zijn verwijzingen naar de statuten van de Vennootschap zoals deze luiden na het passeren van de Akte van Wijziging die vóór Afwikkeling zal worden gepasseerd. De Aandelen zijn dividendgerechtigd. Ieder Aandeel geeft het recht één stem uit te brengen in de Algemene Vergadering. Er gelden geen stemrechtbeperkingen. Bij een uitgifte van Aandelen of een verlening van rechten op het inschrijven op Aandelen heeft elke houder van Aandelen een wettelijk voorkeursrecht naar evenredigheid van de totale nominale waarde van zijn Aandelen. Aan Preferente Aandelen zijn geen wettelijke voorkeursrechten verbonden. Voorts is er geen sprake van wettelijke voorkeursrechten met betrekking tot (i) Aandelen die zijn uitgegeven tegen een inbreng anders dan in geld, (ii) Aandelen die zijn uitgegeven aan werknemers van de Vennootschap of van een ander bedrijf dat deel uitmaakt van de Groep of (iii) Aandelen die zijn uitgegeven aan personen die een eerder verleend recht op het inschrijven op Aandelen uitoefenen. De Algemene Vergadering mag, op voorstel van de raad van bestuur van de Vennootschap (de "**Raad van Bestuur**") en met goedkeuring van de raad van commissarissen van de Vennootschap (de "**Raad van Commissarissen**") besluiten om de wettelijke voorkeursrechten te beperken of uit te sluiten, en een dergelijk besluit moet door de Algemene Vergadering worden aangenomen met een meerderheid van minstens twee derde van de uitgebrachte stemmen indien minder dan de helft van het uitgegeven aandelenkapitaal aanwezig of vertegenwoordigd is op de vergadering. De Algemene Vergadering mag deze bevoegdheid delegeren aan de Raad van Bestuur, en ook een dergelijk besluit moet worden aangenomen met een meerderheid van minstens twee derde van de uitgebrachte stemmen indien minder dan de helft van het uitgegeven aandelenkapitaal aanwezig of vertegenwoordigd is op de vergadering. De hierboven bedoelde aanwijzing mag alleen geschieden voor een gespecificeerde periode van niet meer dan vijf jaar en mag van tijd tot tijd met maximaal vijf jaar worden verlengd. Voor een besluit van de Raad van

		Bestuur (in opdracht van de Algemene Vergadering) tot beperking of uitsluiting van wettelijke voorkeursrechten is de goedkeuring van de Raad van Commissarissen vereist. Zoals hieronder beschreven, is de Raad van Bestuur momenteel door de Algemene Vergadering gemachtigd tot het beperken of uitsluiten van de wettelijke voorkeursrechten die toekomen aan houders van Aandelen in verband met de uitgifte van Aandelen, op voorwaarde van goedkeuring door de Raad van Commissarissen, tot 18 maanden na de Afwikkelingsdatum. Aandelen kunnen worden uitgegeven (a) indien en voor zover de Raad van Bestuur door de Algemene Vergadering is aangewezen als het vennootschapsorgaan dat bevoegd is te besluiten Aandelen uit te geven, ingevolge een besluit van de Raad van Bestuur, en op voorwaarde dat dit (voorgestelde) besluit is goedgekeurd door de Raad van Commissarissen, of (b) indien en voor zover de Raad van Bestuur niet is aangewezen als het vennootschapsorgaan dat bevoegd is te besluiten Aandelen uit te geven, ingevolge een besluit van de Algemene Vergadering (aangenomen met gewone meerderheid van stemmen) naar aanleiding van een voorstel dienaangaande van de Raad van Bestuur, welk voorstel is goedgekeurd door de Raad van Commissarissen. Dit is ook van toepassing op de rechten op het inschrijven op Aandelen, maar is niet vereist voor een uitgifte van Aandelen waarbij een eerder verleend recht op het inschrijven op Aandelen wordt uitgeoefend. De hierboven bedoelde aanwijzing is slechts geldig gedurende een specifieke periode van niet meer dan vijf jaar en mag van tijd tot tijd met maximaal vijf jaar worden verlengd. Voor een geldig besluit van de Algemene Vergadering met betrekking tot het uitgeven van Aandelen of het aanwijzen van de Raad van Bestuur als het vennootschapsorgaan dat bevoegd is zulk een besluit te nemen, is in aanvulling op de goedkeuring van de Raad van Commissarissen een voorafgaand(e) of gelijktijdig(e) besluit of goedkeuring vereist van iedere groep houders van Aandelen in het kapitaal van de Vennootschap van dezelfde klasse aan wiens rechten door de uitgifte afbreuk wordt gedaan. Krachtens de op 30 mei 2016 tussen de Vennootschap en NLFI, aangegane relatieovereenkomst, (de "**Relatieovereenkomst**") is, zolang NLFI houder is van meer dan een derde van de Aandelen, de voorafgaande goedkeuring van NLFI vereist voor de uitgifte van (dan wel de verlening van rechten op het verkrijgen van) Aandelen of voor de uitsluiting van wettelijke voorkeursrechten door het vennootschapsorgaan dat door de Algemene Vergadering is gemachtigd tot de uitgifte van (rechten op het verkrijgen van) Aandelen of tot het uitsluiten van wettelijke voorkeursrechten. Op 27 mei 2016 is de Raad van Bestuur door de Algemene Vergadering aangewezen als vennootschapsorgaan dat bevoegd is om Aandelen uit te geven, om rechten op het inschrijven op Aandelen te verlenen en om met betrekking tot dergelijke uitgiftes van Aandelen of dergelijke verleningen van rechten op het inschrijven op Aandelen wettelijke voorkeursrechten te beperken of uit sluiten. Voornoemde machtiging van de Raad van Bestuur is beperkt tot maximaal 10% van het uitgegeven aandelenkapitaal van de Vennootschap (zoals bepaald op de Afwikkelingsdatum), mag niet worden aangewend voor het uitkeren van dividend in de vorm van Aandelen en is geldig gedurende een periode van 18 maanden gerekend vanaf de Afwikkelingsdatum.

		Dividenden en andere uitkeringen De uitkering van dividenden kan worden beperkt, begrensd of verboden, onder meer door de bevoegde toezichthoudende autoriteit, indien zulk een maatregel noodzakelijk is of noodzakelijk wordt geacht voor de versterking van het kapitaal van de Groep uit hoofde van prudentiële voorschriften zoals onder meer de solvabiliteitskapitaalvereisten en eventuele aanvullende kapitaalvereisten (zie voor meer informatie "Dividendbeleid" verderop in deze samenvatting).
C.5	Beperkingen ten aanzien van de vrije overdraagbaarheid van de Aandelen	Er gelden ingevolge de Statuten geen beperkingen ten aanzien van de overdraagbaarheid van de Aandelen. De Aanbieding van de Aangeboden Aandelen aan personen die gevestigd of woonachtig zijn in, of die inwoners zijn van, dan wel een vestigingsadres hebben in landen anders dan Nederland, alsook de overdracht van Aangeboden Aandelen naar jurisdicties anders dan Nederland, kan onderworpen zijn aan specifieke regelgeving of beperkingen.
C.6	Beursnotering en toelating tot handel	Voorafgaand aan de Aanbieding was er geen openbare markt voor de Aandelen. Er is een aanvraag ingediend voor notering en toelating tot de handel in alle Aandelen onder het symbool "ASRNL" op Euronext in Amsterdam. Onder voorbehoud van vervroeging of verlenging van het tijdschema voor de Aanbieding zal de handel in de Aangeboden Aandelen naar verwachting op een "as-if-and-when-delivered" basis op of rond 10 juni 2016 (de "**Eerste Handelsdag**") aanvangen op Euronext in Amsterdam.
C.7	Dividendbeleid	De Vennootschap heeft haar reserverings- en dividendbeleid geformuleerd in lijn met haar huidige strategie. De Vennootschap is voornemens om een jaarlijks dividend uit te keren dat een duurzame waarde voor haar aandeelhouders vertegenwoordigt op de lange termijn. Het reserverings- en dividendbeleid wordt vastgesteld door de Raad van Bestuur, en moet worden goedgekeurd door de Raad van Commissarissen. De Groep is voornemens om het reserverings- en dividendbeleid ieder jaar een agendapunt van de jaarlijkse Algemene Vergadering te maken. Het dividendbeleid van de Vennootschap en de voorgenomen dividenduitkering zijn onderworpen aan beperkingen van regelgevende, wettelijke en (interne) financiële aard en laten de discretionaire bevoegdheid van de Raad van Bestuur ter zake van de beslissing om geen dividend uit te keren of om een hoger of lager dividend dan eerder aangegeven uit te keren onverlet, en kan worden gelimiteerd, beperkt of verboden om welke reden dan ook, onder meer op verzoek van een bevoegde toezichthoudende autoriteit. Bij een dividendvoorstel kan rekening worden gehouden met overwegingen zoals kapitaal-, hefboom- en liquiditeitsvereisten of beperkende factoren en interne beleidsoverwegingen, zoals strategie, toekomstige inkomsten, winsten, beschikbare middelen voor de uitkering, financiële situatie, groeikansen, vooruitzichten voor de bedrijfsvoering van de Groep, levensvatbaarheid van de Groep op de korte en lange termijn, de algehele economische situatie en alle omstandigheden die naar mening van de Raad van Bestuur relevant of van toepassing zijn. Er is geen verplichting of garantie dat de Vennootschap dividend zal vaststellen en uitkeren en de Vennootschap heeft te allen tijde het recht om haar dividendbeleid aan te passen om welke reden dan ook, met inbegrip van veranderingen in de marktomstandigheden of de prestaties, solvabiliteit of verslagleggingsmethode van de Vennootschap.

		Met inachtneming van het voorgaande is de Vennootschap voornemens om ten aanzien van het jaar eindigend op 31 december 2016 een dividend uit te keren van €175 miljoen, uit te keren in 2017. Deze dividenduitkering is discretionair en is niet gebaseerd op het dividendbeleid dat de Vennootschap voornemens is vanaf 2017 te voeren. De Vennootschap is voornemens om vanaf 2017, mede met inachtneming van het voorgaande, een dividendbeleid te voeren met een gewoon dividenduitkeringsratio van 45% tot 55% van de netto bedrijfswinst voor aandeelhouders (d.w.z. onder aftrek van hybride kosten, aangezien de rente die is betaald over drie van de vier hybride instrumenten van de groep is verantwoord als een vermogensmutatie en niet is opgenomen in de winst-en-verliesrekening). Met dit dividenduitkeringsbeleid wil de Vennootschap over 2017 en de jaren daarna jaarlijks een gewoon dividend uitkeren in lijn met de financiële prestaties van de Vennootschap op de middellange en lange termijn. De Vennootschap is voornemens om het eventuele dividend naar keuze van de aandeelhouders uit te keren in contanten of in Aandelen ten laste van de agioreserve en is tevens voornemens om in geval van een dividend in aandelen het verwaterend effect op de winst per gewoon aandeel te neutraliseren door terugkoop van eigen Aandelen. De Vennootschap verwacht dat er geen premie op dividend in Aandelen zal zijn. Daarnaast mag de Raad van Bestuur, geheel naar eigen goeddunken, en na verkrijging van de vereiste goedkeuringen van regelgevende instanties en goedkeuringen op bedrijfsniveau, andere mechanismes voor het retourneren van kapitaal implementeren zoals een programma voor terugkoop van eigen aandelen. Om te verzekeren dat zij in staat blijft dividend in contanten uit keren, is de directie van de Groep voornemens om minimaal €350 miljoen in contanten of liquide middelen bij de Vennootschap op te bouwen en vervolgens aan te houden, naar eigen oordeel gebaseerd op minstens tweemaal het gemiddelde van de dividenden van de afgelopen twee jaar. De Vennootschap is voornemens te werken volgens de solvabiliteitsratio onder Solvency II op basis van de standaardformule, boven de drempel voor vermogensbeheer. Deze drempel is momenteel gedefinieerd als 160% van de Solvabilitietskapitaalvereiste (Solvency Capital Requirement of "**SCR**") (dit niveau kan mettertijd veranderen). Algemeen gesproken, voorziet de Vennootschap dat zij geen dividend in contanten zal betalen wanneer de solvabiliteitsratio van de Groep onder Solvency II (berekend op basis van de standaardformule) daalt tot onder 140%. De Vennootschap is momenteel voornemens om kapitaal te investeren boven de solvabiliteitsratio van 160% onder Solvency II (berekend op basis van de standaardformule) teneinde waarde voor haar aandeelhouders te creëren. Indien en wanneer de Vennootschap op een niveau aanzienlijk boven 160% (dat mettertijd kan veranderen) functioneert, en de Vennootschap vaststelt dat zij dit kapitaal niet voor een langere periode in waarde-creërende kansen kan investeren, kan de Vennootschap besluiten (een deel van dit) kapitaal aan de aandeelhouders te retourneren. Ingeval de Vennootschap besluit om kapitaal te retourneren, is zij van plan dit te doen in een vorm die alsdan efficiënt is voor de aandeelhouders.

		Afdeling D—Risico's
	Selectie van voornaamste risico's	Hieronder volgt een selectie van de voornaamste risico's voor de Groep, de Structuur/Aandeelhoudersstructuur van de Groep, de Aandelen en de Aanbieding. Bij het maken van deze selectie is de Groep uitgegaan van omstandigheden zoals de mate van waarschijnlijkheid dat het risico zich zal voordoen op basis van de huidige stand van zaken, de mogelijke impact van het zich voordoen van het risico op de financiële situatie van de Groep, de bedrijfsresultaten, de kapitaal- en liquiditeitspositie, de mogelijke dividenduitkeringen en de goede naam van de Groep, en de aandacht die de directie van de Groep op basis van huidige verwachtingen aan deze risico's zou moeten besteden wanneer deze zich mochten voordoen. Beleggers dienen alle risicofactoren te lezen, te begrijpen en in overweging te nemen, met inbegrip van de risicofactoren beschreven in het onderstaande lid D.1 t/m D.3, die van wezenlijk belang zijn en in hun geheel dienen te worden gelezen onder "Risicofactoren" vanaf pagina 1 van het Prospectus, voordat zij beslissen in de Aangeboden Aandelen te beleggen. • De groei, bedrijfsvoering, opbrengsten en resultaten van de Groep ondervinden wezenlijke invloed van het algemene economische klimaat en andere marktomstandigheden. De aanhoudende turbulentie en volatiliteit van deze omstandigheden kunnen een wezenlijke negatieve invloed hebben op de bedrijfsvoering, opbrengsten, resultaten en financiële situatie van de Groep. • De Groep heeft lange termijn activa en -passiva en is blootgesteld aan het risico dat de waarde van haar activa en passiva niet in goede verhouding tot elkaar staan als gevolg van veranderingen in rentetarieven en creditspreads, en dit kan een wezenlijke negatieve invloed hebben op de bedrijfsvoering, opbrengsten, resultaten en financiële situatie van de Groep. • Stijgende rentes kunnen de waarde van de vastrentende beleggingen van de Groep verlagen, het polisverval en -annulering doen toenemen en zwaardere eisen stellen aan het afdekken van risico's door de Groep, en dit kan een wezenlijke negatieve invloed hebben op de bedrijfsvoering, opbrengsten, resultaten en financiële situatie van de Groep. • De Groep is blootgesteld aan financiële risico's zoals kredietrisico, debiteurenrisico en risico's op het gebied van de toereikendheid van haar kredietvoorzieningen, en dit kan een wezenlijke negatieve invloed hebben op de bedrijfsvoering, opbrengsten, resultaten en financiële situatie van de Groep. • In het geval de Groep er niet in slaagt haar strategie met succes te implementeren, of ingeval de strategie van de Groep niet de verwachte voordelen oplevert, kan dit een wezenlijke negatieve invloed hebben op de bedrijfsvoering, opbrengsten, resultaten en financiële situatie van de Groep en zal de Groep er mogelijk niet in slagen haar doelstellingen te realiseren. Ingeval een of meerdere van de uitgangspunten die door de Groep zijn gehanteerd bij het formuleren van haar doelstellingen, onjuist zijn, zal de Groep er mogelijk niet in slagen om een of meerdere van haar doelstellingen te realiseren.

- De Groep is actief op een veranderende markt en wordt geconfronteerd met aanzienlijke concurrentie van andere verzekeraars en financiële dienstverleners buiten de verzekeringswereld zoals banken, onafhankelijke assurantiemakelaars en vermogensbeheerders alsook nieuwe marktspelers die dezelfde of soortgelijke producten en diensten aanbieden. Veranderingen in klantgedrag, technologie en regelgeving kunnen leiden tot negatieve volumeontwikkelingen indien de Groep niet in staat is zich met succes aan te passen.
- De Groep is blootgesteld aan fluctuaties op de aandelenmarkten, de vastrentende markten en de vastgoedmarkten en dit kan een wezenlijke negatieve invloed hebben op het rendement van geïnvesteerde activa, met inbegrip van activa in haar beleggingsportefeuille, of op haar solvabiliteitspositie.
- Natuurrampen of door de mens veroorzaakte rampen, die naar hun aard onvoorspelbaar zijn, alsook andere onvoorziene gebeurtenissen zoals storingen in de infrastructuur kunnen een wezenlijke negatieve invloed hebben op de bedrijfsvoering, opbrengsten, resultaten en financiële situatie van de Groep, zoals in gevallen waarin het feitelijke bedrag van de claims jegens de Groep als gevolg van dergelijke gebeurtenissen hoger is dan de aangehouden reserves van de Groep of gevallen waarin de activiteiten van de Groep onderbroken worden.
- Veranderingen in levensduur, sterftecijfers, ziektecijfers, frequentie en omvang van claims of discrepanties tussen de verwachte levensduur, sterftecijfers, ziektecijfers, frequentie en omvang van claims en de feitelijke levensduur, sterftecijfers, ziektecijfers, frequentie en omvang van claims kunnen een wezenlijke negatieve invloed hebben op de bedrijfsvoering, opbrengsten, resultaten en financiële situatie van de Groep.
- De Groep is onderworpen aan uitgebreide en veelvuldig veranderende wet- en regelgeving betreffende verzekeringen, beleggingsbeheer, bankzaken, pensioenen en andere financiële diensten, en aan toezicht door toezichthoudende instanties die uitgebreide beheersbevoegdheden hebben met betrekking tot de Groep.
- Het is onzeker welke invloed de recente en voortdurende initiatieven tot hervorming van de regelgeving in de financiële sector, met inbegrip van hervormingen op het gebied van de sociale zekerheidsvoorzieningen, op de Groep zullen hebben.
- Juridische- en/of klachtenprocedures alsook onderzoek door en sancties vanuit toezichthoudende instanties kunnen een wezenlijke negatieve invloed hebben op de bedrijfsvoering, opbrengsten, resultaten en financiële situatie van de Groep.
- De Groep loopt het risico door klanten die zich misleid of oneerlijk bejegend voelen, beschuldigd te worden van het verstrekken van onvoldoende informatie over de verkochte producten.
- De EU heeft per 1 januari 2016 Solvency II ingevoerd, een nieuw regime ter regulering van solvabiliteitsmarges en solvabiliteitsvoorzieningen. De gevolgen van dit solvabiliteitsregime zijn onzeker en indien de Groep niet in staat is om aan de vereisten van Solvency II te voldoen, kan dit een wezenlijke negatieve invloed hebben op de bedrijfsvoering, opbrengsten, resultaten en financiële situatie van de Groep.

D.1	Voornaamste risico's specifiek voor de Groep	Hieronder volgt een samenvatting van de voornaamste extra risico's voor de Groep, de Structuur/Aandeelhoudersstructuur van de Groep, de Aandelen en de Aanbieding. Beleggers dienen alle risicofactoren te lezen, te begrijpen en in overweging te nemen, inclusief de risicofactoren beschreven in de bovenstaande "Selectie van voornaamste risico's" en de risico's beschreven in het onderstaande lid D.3, die van wezenlijk belang zijn en in hun geheel dienen te worden gelezen onder "Risicofactoren" vanaf pagina 1 van het Prospectus, voordat zij beslissen in de Aangeboden Aandelen te beleggen. **Risico's in verband met de bedrijfsvoering van de Groep** *Algemene economische situatie en marktomstandigheden* • Doordat de Groep haar activiteiten zijn geconcentreerd op de Nederlandse markt, is de Groep met name blootgesteld aan de economische omstandigheden, de marktsituatie, het fiscale regime en de regelgeving in Nederland en is zij zeer gevoelig voor veranderingen in deze factoren. • De aanhoudende lage rentes in Europa van de afgelopen jaren, zowel wat betreft markttarieven als de UFR, hebben op allerlei manieren een negatieve invloed gehad op de activiteiten van de Groep en deze negatieve invloed zou kunnen aanhouden wanneer deze situatie voortduurt. *Krediet- en concentratierisico* • De bedrijfsvoering, opbrengsten, resultaten en financiële situatie van de Groep zijn blootgesteld aan wetswijzigingen met betrekking tot de woningmarkt in Nederland, en de portefeuille van de Groep met particuliere woninghypotheken en commerciële hypotheken is blootgesteld aan de risico's van in gebreke blijvende leningnemers en dalende vastgoedprijzen. • De Groep is blootgesteld aan wederpartijrisico met betrekking tot andere financiële instellingen, overheden en andere tegenpartijen. Verslechtering van de financiële gezondheid van andere financiële instellingen, overheden en andere wederpartijen kunnen een wezenlijke negatieve invloed hebben op de bedrijfsvoering, opbrengsten, resultaten en financiële situatie van de Groep. *Algemene risico's met betrekking tot de bedrijfsvoering van de Groep* • De verkoop van levensverzekeringsproducten in Nederland vertoont sinds 2008 een dalende lijn. Een verdere daling van de verkoopvolumes zou te zijner tijd kunnen leiden tot een verdere verkleining van de levensverzekeringsportefeuille van de Groep en indien de Groep er niet in slaagt haar kosten te verlagen zou dit een wezenlijke negatieve invloed kunnen hebben op de bedrijfsvoering, opbrengsten, resultaten en financiële situatie van de Groep. • De Groep vertrouwt in Nederland op haar netwerk van tussenpersonen voor de verkoop en distributie van haar producten en is mogelijk niet in staat een concurrerend distributienetwerk in stand te houden. • De bedrijfsvoering, opbrengsten, resultaten en financiële situatie van de Groep zijn mede afhankelijk van volmachten afgegeven aan tussenpersonen.

		• De Groep is mogelijk niet in staat om haar intellectuele eigendomsrechten te beschermen, en kan geconfronteerd worden met inbreukvorderingen van derden, en dit kan een wezenlijke negatieve invloed hebben op de bedrijfsvoering, opbrengsten, resultaten en financiële situatie van de Groep. *Marktrisico's met betrekking tot de bedrijfsvoering van de Groep* • De activiteiten van de Groep op het gebied van vermogensbeheer zijn ingewikkeld en verzuim in behoorlijke uitvoering van haar vermogensbeheerdiensten kan een wezenlijke negatieve invloed hebben op de bedrijfsvoering, opbrengsten, resultaten en financiële situatie van de Groep. • Ingeval beleggingen in beheer bij de Groep onvoldoende rendement opleveren, kan dit erin resulteren dat bestaande klanten tegoeden opnemen, en dit kan gevolgen hebben voor de beheervergoedingen die de Groep ontvangt, en zou ervoor kunnen zorgen dat potentiële klanten besluiten om geen beleggingsmandaten te verlenen. • De hedgingprogramma's van de Groep zouden ontoereikend of ineffectief kunnen blijken voor afdekking van desbetreffende risico's, en dit kan een wezenlijke negatieve invloed hebben op de bedrijfsvoering, opbrengsten, resultaten en financiële situatie van de Groep. • De vaststelling van de bijzondere waardeverminderingen van de beleggingen en andere financiële activa van de Groep is gebaseerd op een beoordeling door de Groep en indien deze beoordeling onjuist blijkt, kan dit een wezenlijke negatieve invloed hebben op de bedrijfsvoering, opbrengsten, resultaten en financiële situatie van de Groep. • Een afwaardering of mogelijke afwaardering van de kredietwaardigheid of financiële sterkte van de Groep door een ratingbureau zou een wezenlijke negatieve invloed kunnen hebben op het vermogen van de Groep om extra kapitaal aan te trekken, of zou de kosten van extra kapitaal kunnen verhogen, en zou onder meer kunnen leiden tot verlies van omzet of potentiële omzet (met inbegrip van verlies van bestaande klanten), een verlaging van het beheerd vermogen, lagere provisies en verminderde liquiditeit, en elk van deze factoren kan een wezenlijke negatieve invloed hebben op de bedrijfsvoering, opbrengsten, resultaten en financiële situatie van de Groep. *Verzekeringsrisico's met betrekking tot de bedrijfsvoering van de Groep* • Het segment Schade heeft van oudsher een cyclisch karakter en wordt gekarakteriseerd door periodes van felle concurrentie op het gebied van prijzen en polisvoorwaarden, vaak als gevolg van bovenmatige verzekeringscapaciteit, en dit resulteert voor de Groep in een lager aantal afgesloten polissen, lagere premietarieven, hogere kosten van klantenwerving en klantenbehoud en minder gunstige polisvoorwaarden, en dergelijke cyclische ontwikkelingen kunnen zich steeds opnieuw voordoen. • Onjuiste aannames met betrekking tot de prijsstelling van producten, het treffen van voorzieningen en de rapportage van resultaten kunnen een wezenlijke negatieve invloed hebben op de bedrijfsvoering, opbrengsten, resultaten en financiële situatie van de Groep.

- Ingeval de inflatie onjuist wordt ingeschat en doorberekend in de prijsstelling van de producten, de kosten en de waardering van verplichtingen van de Groep, kan dit een wezenlijke negatieve invloed hebben op de bedrijfsvoering, opbrengsten, resultaten en financiële situatie van de Groep.
- De mogelijkheid bestaat dat herverzekering niet beschikbaar, betaalbaar of toereikend is om de Groep te beschermen tegen verliezen, en het is mogelijk dat herverzekeraars hun verplichtingen niet nakomen

  Voorheen onbekende risico's, de zogenaamde "onbekende opkomende risico's", die niet precies kunnen worden ingeschat, kunnen leiden tot onvoorziene claims die een wezenlijke negatieve invloed hebben op de bedrijfsvoering, opbrengsten, resultaten en financiële situatie van de Groep.
- Wat betreft de basiszorgverzekering is sprake van onderlinge afhankelijkheid met andere verzekeringsmaatschappijen vanwege het Nederlandse financierings- en risicovereveningssysteem. Verder is sprake van onderlinge afhankelijkheid vanwege bi- en multilaterale afspraken met specifieke bedrijven. Als gevolg daarvan kunnen de bedrijfsvoering, opbrengsten, resultaten en financiële situatie van de Groep negatieve invloed ondervinden van marktontwikkelingen, wijzigingen in het nationale gezondheidszorgbeleid of ontwikkelingen die zich specifiek bij bepaalde andere verzekeraars voordoen.

Liquiditeitsrisico

- Gebrek aan liquiditeit bij de houdstermaatschappij en gebrek aan liquiditeit voor operationele entiteiten, gecombineerd met een situatie waarin het onmogelijk is om kapitaal en liquiditeit over te dragen van dochterondernemingen naar de houdstermaatschappij, vormen een risico voor de bedrijfsvoering van de Groep en kunnen een wezenlijke negatieve invloed hebben op de bedrijfsvoering, de opbrengsten, de resultaten, het vermogen om dividenden over te dragen, en de financiële situatie van de Groep.

Operationele risico's

- De Groep is blootgesteld aan operationele risico's, die het gevolg kunnen zijn van ontoereikende of niet goed functionerende interne processen en systemen van de Groep, het gedrag van personeel van de Groep en van derden, en externe gebeurtenissen waarop de Groep geen invloed heeft.
- Uitval van de eigen of uitbestede informatietechnologiesystemen van de Groep, onder meer als gevolg van cybercrime of zwakke plekken in de informatiebeveiliging, kan leiden tot een inbreuk op regelgeving en contractuele verplichtingen en kan een wezenlijke negatieve invloed hebben op de reputatie, bedrijfsvoering, resultaten en financiële situatie van de Groep.
- Mogelijk is de Groep niet in staat om personeel dat van cruciaal belang is voor de bedrijfsvoering, te behouden of aan te trekken.
- De Groep kan blootgesteld worden aan storingen in haar risicobeheersingssystemen , met inbegrip van schendingen van de beveiliging, met als gevolg inadequate of niet werkende processen en systemen alsook menselijke fouten, cyberaanvallen en fraude, en dit kan een wezenlijke negatieve invloed hebben op de bedrijfsvoering, opbrengsten, resultaten en financiële situatie van de Groep.

		• De Groep is deels afhankelijk van de voortdurende prestaties, accuratesse, naleving en beveiliging van externe dienstverleners die bepaalde kritische operationele ondersteuningsdiensten verlenen voor de Groep. Wanneer deze dienstverleners niet naar behoren presteren, kan dit leiden tot reputatieschade en hogere kosten, en dit kan een wezenlijke negatieve invloed hebben op de bedrijfsvoering, opbrengsten, resultaten en financiële situatie van de Groep. • De Groep is afhankelijk van datakwaliteit en -modellen, bijvoorbeeld voor het berekenen van het beschikbare kapitaal en het vereiste kapitaal uit hoofde van Solvency II. Daarnaast vormen de toenemende eisen van toezichthouders en andere instanties wat betreft de bijzonderheden en frequentie van de verslaglegging een zware taakstelling voor de Groep, en dergelijke eisen brengen het risico met zich mee dat er fouten worden gemaakt, gegevens te laat worden verstrekt en dat er boetes en andere strafmaatregelen worden opgelegd. Dit kan een wezenlijke negatieve invloed hebben op de bedrijfsvoering, goede naam, resultaten en financiële situatie van de Groep. *Reputatierisico* • De Groep is blootgesteld aan het risico van reputatieschade aan haar merken of haar goede naam, en dit kan een wezenlijke negatieve invloed hebben op de financiële situatie van de Groep. **Risico's in verband met naleving van wet- en regelgeving** • De Bank is onderworpen aan uitgebreide en gedetailleerde wet- en regelgeving betreffende dienstverlening op het gebied van bankieren en andere financiële diensten, met inbegrip van strenge eisen op het gebied van kapitaal en liquiditeit. Ongunstige wijzigingen in dergelijke wet- en regelgeving en/of wijzigingen in de interpretatie van bestaande wet- en regelgeving kunnen een negatieve invloed hebben op de bedrijfsvoering, resultaten, financiële situatie en vooruitzichten van de Groep. • Houders van producten waarbij het beleggingsrisico geheel of gedeeltelijk door de klant wordt gedragen, of consumentenorganisaties die namens hen optreden, hebben tegen de Groep klachten of juridische procedures ingesteld en kunnen dat ook in de toekomst doen. Deze klachten en juridische procedures en/of maatregelen die worden ondernomen door toezichthouders of overheidsinstanties tegen de Groep of andere verzekeraars met betrekking tot deze producten (waaronder beleggingsverzekeringen), betalingen, collectief of anderszins, of andere juridische en/of klachtenprocedures die door andere verzekeraars in gang worden gezet alsook sector brede maatregelen kunnen een grote impact hebben op de verzekeringsactiviteiten van de Groep en als gevolg daarvan een wezenlijke negatieve invloed hebben op de bedrijfsvoering, goede naam, opbrengsten, resultaten, solvabiliteit en financiële situatie van de Groep. • Risico's met betrekking tot de Wet bijzondere maatregelen financiële ondernemingen zouden gevolgen kunnen hebben voor de aandeelhouders van de Vennootschap en de klanten van de Groep.

- De Vennootschap en haar gereglementeerde dochterondernemingen zijn verplicht om voldoende kapitaal aan te houden en dienaangaande een aantal wettelijke vereisten in acht te nemen. Ingeval de Vennootschap of haar gereglementeerde dochterondernemingen dreigen te verzuimen, of verzuimen, aan de kapitaalvereisten te voldoen of onvoldoende activa aanhouden om te voldoen aan bepaalde wettelijke vereisten, dan hebben de toezichthoudende autoriteiten brede bevoegdheden om hen te verplichten stappen te ondernemen om polishouders en andere klanten te beschermen en om kapitaaltekorten aan te vullen en om beperkingen op te leggen aan de capaciteit van dochterondernemingen om dividenden of uitkeringen aan de Vennootschap te betalen.

- De Groep is onderworpen aan stresstests en andere onderzoeken door regelgevende instanties. Stresstests en de bekendmaking van de uitkomst daarvan door regelgevende instanties kunnen de verzekeringssector destabiliseren en leiden tot verlies van vertrouwen in individuele verzekeringsmaatschappijen of de verzekeringssector in het algemeen. Dergelijke stresstests, en de bekendmaking van de uitkomst daarvan, kunnen een negatieve invloed hebben op de goede naam en de financieringskosten van de Groep en kunnen leiden tot handhavende maatregelen door regelgevende instanties.

- Wijzigingen in de belastingwetgeving kunnen de producten van de Groep minder aantrekkelijk maken of in andere opzichten van negatieve invloed zijn op de Groep.

- De Groep heeft een netto uitgestelde belastingvordering op de balans opgenomen.

Financiële Verslaggevingsrisico's

- Wijzigingen van de standaarden voor financiële verslaggeving kunnen een wezenlijke negatieve invloed hebben op het door de Vennootschap gerapporteerde resultaat en eigen vermogen.
- De door de Groep aangehouden reserves voor verplichtingen uit verzekeringsovereenkomsten zoals genoemd in haar IFRS-jaarrekening, die zijn bedoeld voor het thans en in de toekomst betalen van verzekeringsclaims en andere claims, kunnen ontoereikend blijken en dit zou de Groep kunnen noodzaken haar reserves aan te vullen, en dit zou een wezenlijke negatieve invloed kunnen hebben op de bedrijfsvoering, opbrengsten, resultaten en financiële situatie van de Groep.

Risico's in verband met de structuur van de Groep

- De belangen van NLFI en de Nederlandse Staat kunnen mogelijk niet overeenkomen met de belangen van de andere aandeelhouders van de Vennootschap.

- Toekomstige verkopen of de mogelijkheid van toekomstige verkopen van een substantieel deel van de Aandelen door NLFI kunnen een wezenlijke negatieve invloed hebben op de koers van de Aandelen.

		• De Groep, haar activiteiten en haar directie kunnen van tijd tot tijd in het middelpunt van de publieke belangstelling komen te staan zolang de Nederlandse Staat een indirect economisch belang in de Vennootschap heeft.
D.3	Voornaamste risico's met betrekking tot de Aangeboden Aandelen en de Aanbieding	**Risico's in verband met de Aandelen en de Aanbieding** *Risico's met betrekking tot de Aandelen* • Het vermogen van de Vennootschap om dividend uit te keren aan aandeelhouders kan aan beperkingen onderworpen worden. • De Vennootschap kan in de toekomst proberen om kapitaal aan te trekken door het aanbieden van Aandelen, waardoor het aandelenbelang van beleggers in de Vennootschap kan verwateren. • Het houden en kopen van Aandelen of Preferente Aandelen kan kennisgevingen aan en goedkeuringen van bevoegde autoriteiten vereisen, wat pogingen van de Vennootschap om extra kapitaal aan te trekken kan hinderen, ontmoedigend kan werken voor overnamepogingen en de koers van de Aandelen negatief kan beïnvloeden. • De koers van de Aandelen kan fluctueren en wezenlijk negatief worden beïnvloed door marktomstandigheden en door andere factoren waarop de Groep geen invloed heeft. • Aandeelhouders buiten Nederland kunnen bij toekomstige aanbiedingen mogelijk geen wettelijke voorkeursrechten uitoefenen en dit kan een verwaterend effect op hun aandelen hebben. • De invloed van de aandeelhouders op de samenstelling van de Raad van Commissarissen en de Raad van Bestuur kan, onder meer als gevolg van het Nederlandse structuurregime of de Relatieovereenkomst, verschillen van die van andere Nederlandse vennootschappen en vennootschappen in andere jurisdicties. • Bepalingen in de Statuten en in door de Groep afgesloten overeenkomsten kunnen een vertragend, ontmoedigend of belemmerend effect hebben op overnamepogingen die gunstig zijn voor de aandeelhouders. • Er is een gekwalificeerde meerderheid van stemmen vereist voor besluiten van de Algemene Vergadering tot wijziging van de artikelen 2, 3, 19.12 en/of 31.3 van de Statuten en voor goedkeuring van besluiten inzake een wezenlijke wijziging van de identiteit of de aard van de Vennootschap of haar bedrijfsvoering, en als gevolg daarvan is het mogelijk dat bepaalde voorstellen die in het beste belang zijn van de Vennootschap en haar stakeholders onvoldoende stemmen krijgen en niet worden aangenomen. • Handel in de Aangeboden Aandelen zou onderworpen kunnen worden aan een belasting op financiële transacties. • Op de rechten en verantwoordelijkheden van een Aandeelhouder is Nederlands recht van toepassing en dit kan in bepaalde opzichten afwijken van de rechten en verplichtingen van Aandeelhouders op wie het recht van andere jurisdicties van toepassing is, en de rechten van aandeelhouders ingevolge Nederlands recht kunnen mogelijk minder duidelijk omschreven zijn dan de rechten van Aandeelhouders die onderworpen zijn aan het recht van sommige andere jurisdicties.

		• De mogelijkheid voor Aandeelhouders in bepaalde landen anders dan Nederland, en in het bijzonder in de Verenigde Staten, om een rechtsvordering in te stellen tegen de Vennootschap of sommige of alle leden van de Raad van Bestuur en/of de Raad van Commissarissen kan aan wettelijke beperkingen onderhevig zijn. • Het is mogelijk dat de Groep als een passieve buitenlandse beleggingsmaatschappij ("passive foreign investment company") wordt beschouwd voor de Amerikaanse federale inkomstenbelasting. • Uitkeringen op de Aangeboden Aandelen kunnen na 2018 onderworpen zijn aan FATCA-bronbelasting. *Risico's in verband met de Aanbieding* • Er is geen openbare handel geweest in de Aandelen voorafgaand aan deze Aanbieding. De koers van de Aandelen kan fluctueren en beleggers zijn mogelijk niet in staat om de Aandelen voor de Aanbiedingsprijs of een betere prijs te verkopen. • Indien de voltooiing van de Aanbieding niet op de Afwikkelingsdatum of helemaal niet plaatsvindt, dan worden aankopen van de Aangeboden Aandelen genegeerd en mag Euronext Amsterdam de transacties die hebben plaatsgevonden annuleren. Beleggers met een referentievaluta anders dan de euro zijn blootgesteld aan bepaalde wisselkoersrisico's bij belegging in de Aandelen.
Afdeling E—Aanbieding		
E.1	Netto opbrengst en geraamde kosten	De Vennootschap ontvangt geen opbrengst van de Aanbieding. De netto opbrengst van de Aanbieding wordt ontvangen door de Verkopende Aandeelhouder. De met de Aanbieding verband houdende kosten gemaakt in 2015 en 2016 die door de Vennootschap dienen worden te betaald worden geraamd op ongeveer € 7.8 miljoen (exclusief BTW) en betreffen onder meer de aan de AFM en Euronext Amsterdam verschuldigde vergoedingen, kosten voor goedkeuring door toezichthouders, de vergoedingen voor de accountants van de Vennootschap en juridisch adviseurs, communicatieadviseurs en onafhankelijke financiële adviseurs, administratieve kosten, kosten verschuldigd aan toezichthouders, alsmede publicatiekosten. Als vergoeding voor de bereidheid van de Underwriters om de Aangeboden Aandelen tegen de Aanbiedingsprijs te kopen, en op voorwaarde dat de Aangeboden Aandelen worden verkocht zoals bepaald in de Underwriting Overeenkomst, heeft de Verkopende Aandeelhouder ingestemd met de betaling aan de Underwriters van een provisie van in totaal €2,450,000. De Verkopende Aandeelhouder kan tevens geheel naar eigen goeddunken besluiten om aan alle of een deel van de Joint Global Coordinators en de andere Underwriters een discretionaire provisie te betalen ten bedrage van een door de Verkopende Aandeelhouder te bepalen totaalbedrag van maximaal €2,050,000. De Verkopende Aandeelhouder heeft er ook mee ingestemd om de Underwriters te vergoeden voor gedocumenteerde kosten en uitgaven die zij hebben gemaakt met betrekking tot pre-deal beleggerseducatie in het kader van de Aanbieding, tot een maximumbedrag.

E.2a	Redenen voor de Aanbieding en bestemming van de opbrengsten	**Achtergrond en redenen van de aanbieding** Na de financiële moeilijkheden van de Fortis Groep kocht de Nederlandse Staat in het najaar van 2008, ter voorkoming van verdere ontwrichting van de Nederlandse economie, de Nederlandse onderdelen van de Fortis Groep en noodzaakte zij Fortis om Fortis Verzekeringen Nederland N.V., thans actief onder de naam ASR Nederland N.V., af te stoten. Na de afscheiding van Fortis werd de Vennootschap een zelfstandige entiteit. Hoewel de Vennootschap was overgenomen door de Nederlandse Staat, heeft zij nooit staatssteun ontvangen. Sinds de nationalisering heeft de Nederlandse Minister van Financiën verklaard dat de investering een tijdelijk karakter heeft en dat het de bedoeling is dat de Vennootschap zo snel als redelijkerwijs mogelijk weer terugkeert op de markt, mits aan drie voorwaarden is voldaan: (i) een stabiele financiële sector, (ii) voldoende geïnteresseerde kopers en (iii) dat de Vennootschap zelf klaar is voor de verkoop. Het is de bedoeling zo veel mogelijk van de totale kapitaaluitgaven van de Nederlandse Staat terug te verdienen. Deze voorwaarden zijn tevens gespecificeerd in het regeerakkoord van oktober 2012. In de staatssteunprocedure van de Europese Commissie stelt de Nederlandse Staat dat zij niet voornemens is om op lange termijn in de Vennootschap te investeren. In het adviesmemorandum van NLFI van 23 augustus 2013 werden diverse mogelijkheden voor een verkoop van de Vennootschap geanalyseerd en besproken. De Nederlandse Minister van Financiën gaf zijn mening over deze mogelijkheden in zijn brief aan het Nederlandse parlement van diezelfde datum. Vervolgens werd een verkoop van de Vennootschap in november 2013 besproken in een parlementaire zitting en na dit Kamerdebat verzocht de Nederlandse Minister van Financiën de Vennootschap om een beursgang voor te bereiden, en werd NLFI verzocht om tegelijkertijd de mogelijkheden voor consolidatie met andere verzekeringsmaatschappijen te onderzoeken (een duaal verkoopproces). In haar adviesmemorandum van mei 2014 verklaarde NLFI dat diverse partijen hun belangstelling hadden uitgesproken voor de Vennootschap. Dit had echter niet geresulteerd in een concreet voorstel. In hetzelfde rapport maakte NLFI melding van twee belangrijke marktontwikkelingen die het gelijke speelveld in de verzekeringssector aanzienlijk zouden veranderen: (i) de aangekondigde beursintroductie van NN Group N.V. door ING Groep N.V. en (ii) de verkoop van REAAL N.V. door SNS REAAL N.V. NLFI berichtte dat de absorptiecapaciteit van de markten naar haar mening te klein was om tegelijkertijd een verkoop van de Vennootschap in gang te zetten en deed de aanbeveling aan de Nederlandse Minister van Financiën om het duale verkoopproces te staken. In lijn met de aanbeveling van NLFI informeerde de Nederlandse Minister Van Financiën het Nederlandse Parlement dat hij verder advies zou uitbrengen aan het Nederlandse Parlement over de exacte verkoop van de Vennootschap zodra REAAL N.V. zou zijn verkocht en de beursgang van NN Group N.V. voltooid zou zijn.

		In haar verkoopadvies van november 2015 berichtte de NLFI dat aan alle drie de bovengenoemde voorwaarden voor privatisering van de Vennootschap was voldaan zodat het proces van verkoop van de Vennootschap in gang kon worden gezet. NLFI meldde ook dat er geen strategische alternatieven waren die binnen het risico/rendementsprofiel van Nederlandse Staat als aandeelhouder meerwaarde zouden opleveren ten opzichte van het beursintroductiescenario. Daarom adviseerde NLFI de Nederlandse Minister van Financiën om verder te gaan met de voorbereidingen voor een beursintroductie, op een zodanige wijze dat een beursgang in de eerste helft van 2016 mogelijk zou zijn. In zijn brief aan het Nederlandse Parlement van 27 november 2015 liet de Nederlandse Minister van Financiën weten dat hij het advies en de conclusies van NLFI zou opvolgen. In het daaropvolgende Kamerdebat van 28 januari 2016 ging het Nederlandse Parlement akkoord met de afstotingsstrategie die naar aanleiding van het advies van NLFI was voorgesteld door de Nederlandse Minister van Financiën, waarna de Nederlandse Minister van Financiën NLFI en de Vennootschap officieel verzocht om het verkoopproces via een beursintroductie in gang te zetten. **Bestemming van de opbrengsten** NLFI ontvangt de netto opbrengst van de Aanbieding (inclusief, voor alle duidelijkheid, in geval van uitoefening van de Overtoewijzingsoptie de netto opbrengst van de verkoop van de Overtoewijzingsaandelen). NLFI betaalt de ontvangen netto opbrengst van de Aanbieding aan de Nederlandse Staat. De Nederlandse Staat heeft de vrije beschikking over de ontvangen opbrengst. De Groep ontvangt geen opbrengst van de Aanbieding.
E.3	Voorwaarden van de Aanbieding	**Aangeboden Aandelen** NLFI biedt namens de Nederlandse Staat maximaal 52.200.000 Aangeboden Aandelen aan (ervan uitgaande dat de Overtoewijzingsoptie zoals hieronder gedefinieerd niet wordt uitgeoefend). De Aanbieding bestaat uit (i) een openbare aanbieding in Nederland bestemd voor institutionele en particuliere beleggers en (ii) een onderhandse aanbieding bestemd voor bepaalde institutionele beleggers in diverse andere jurisdicties. De Aangeboden Aandelen worden aangeboden: (i) in de Verenigde Staten (de "**VS**") aan personen waarvan redelijkerwijs mag worden aangenomen dat zij kunnen worden aangemerkt als gekwalificeerde institutionele kopers ("qualified institutional buyers") in de zin van Regel 144A van de US Securities Act of 1933 zoals laatstelijk gewijzigd (de "**Amerikaanse Effectenwet**") of ingevolge een andere vrijstelling van, dan wel in een transactie die niet is onderworpen aan, de registratievereisten van de Amerikaanse Effectenwet en toepasselijke staatswetten en andere effectenwetgeving van de VS, en (ii) buiten de VS, waar alle aanbiedingen en verkopen van de Aangeboden Aandelen dienen te geschieden met inachtneming van "Regulation S" van de Amerikaanse Effectenwet. De Aanbieding wordt uitsluitend gedaan in jurisdicties waar, en aan personen aan wie, aanbiedingen en verkopen van de Aangeboden Aandelen wettelijk zijn toegestaan.

		Overtoewijzingsoptie De Verkopende Aandeelhouder heeft namens de Underwriters (zoals hieronder gedefinieerd) aan de Joint Global Coordinators (zoals hieronder gedefinieerd) een optie (de "**Overtoewijzingsoptie**") toegekend, uit te oefenen binnen 30 dagen na de Eerste Handelsdag, op basis waarvan de Joint Global Coordinators de Verkopende Aandeelhouder kunnen verplichten om aan de Underwriters tegen de Aanbiedingsprijs (zoals hieronder gedefinieerd) maximaal 7.800.000 extra Aandelen, die tezamen ongeveer 15% vormen van het totale aantal Aandelen dat tijdens de Aanbieding wordt verkocht, te verkopen (de "**Overtoewijzingsaandelen**") teneinde short posities als gevolg van overtoewijzingen in verband met de Aanbieding of stabilisatietransacties te dekken. **Aanbiedingsperiode** Onder voorbehoud van inkorting of verlenging van het tijdschema van de Aanbieding, kunnen potentiële institutionele beleggers op de Aangebonden Aandelen inschrijven gedurende de periode die aanvangt om 9:00 Midden-Europese Tijd ("**MET**") op 31 mei 2016 en eindigt om 14:00 MET op 9 juni 2016 en kunnen potentiële particuliere beleggers op de Aangeboden Aandelen inschrijven gedurende de periode die aanvangt om 9:00 MET op 31 mei 2016 en eindigt om 17:30 MET op 8 juni 2016 (de "**Aanbiedingsperiode**"). In geval van een inkorting of verlenging van de Aanbiedingsperiode, mogen de prijsstelling, toewijzing, toelating en eerste verhandeling van de Aangeboden Aandelen, alsook de betaling (in euro's) en de levering van de Aangeboden Aandelen ("**Afwikkeling**") dienovereenkomstig worden ingekort of verlengd. Ingeval een belangrijke nieuwe factor, materiële fout of onjuistheid in verband met de informatie in het Prospectus, die van invloed kan zijn op de beoordeling van de Aangeboden Aandelen, zich aandient of wordt geconstateerd vóór de afwikkelingsdatum, die naar verwachting 14 juni 2016 is (de "**Afwikkelingsdatum**"), wordt er een aanvulling op het Prospectus gepubliceerd, en mag de Aanbiedingsperiode worden verlengd en mogen beleggers die al zijn overeengekomen Aangeboden Aandelen te kopen hun inschrijvingen intrekken binnen twee werkdagen na publicatie van de aanvulling. **Aanbiedingsprijs en aantal Aangeboden Aandelen** Per datum van het Prospectus zal de prijs van de Aangeboden Aandelen (de "**Aanbiedingsprijs**") naar verwachting tussen € 18,00 en € 22,00 (inclusief) per Aangeboden Aandeel (de "**Bandbreedte van de Aanbiedingsprijs**") bedragen. De Bandbreedte van de Aanbiedingsprijs is indicatief. De Aanbiedingsprijs kan worden vastgesteld binnen, boven of onder de Bandbreedte van de Aanbiedingsprijs. De Aanbiedingsprijs en het exacte aantal Aangeboden Aandelen wordt bepaald door de Verkopende Aandeelhouder na overleg met de Vennootschap en de Joint Global Coordinators (handelend namens de Underwriters), onder voorbehoud van goedkeuring door de Nederlandse Minister van Financiën, na afloop van de Aanbiedingsperiode, inclusief een eventuele inkorting of verlenging, op basis van het *book building* proces en rekening houdende met de economische situatie en marktomstandigheden, een kwalitatieve en kwantitatieve inschatting van de vraag naar de Aangeboden Aandelen, en andere factoren die van toepassing worden geacht.

		De Aanbiedingsprijs, het exacte aantal te verkopen Aangeboden Aandelen en het maximum aantal Overtoewijzingsaandelen zal worden bekendgemaakt in een pricing statement (de "**Pricing Statement**") die zal worden gepubliceerd in een persbericht dat ook op de website van de Vennootschap zal worden geplaatst en zal worden gedeponeerd bij de Stichting Autoriteit Financiële Markten ("**AFM**"). Voorafgaand aan de toewijzing van de Aangeboden Aandelen ("**Toewijzing**") kan het aantal Aangeboden Aandelen worden verhoogd of verlaagd, en kan de Bandbreedte van de Aanbiedingsprijs worden gewijzigd. Een verhoging van de bovengrens van de Bandbreedte van de Aanbiedingsprijs op de laatste dag van de Aanbiedingsperiode, of de bepaling van een Aanbiedingsprijs boven de Bandbreedte van de Aanbiedingsprijs, zal resulteren in een verlenging van de Aanbiedingsperiode met ten minste twee werkdagen; een verhoging van de bovengrens van de Bandbreedte van de Aanbiedingsprijs op de dag voorafgaand aan de laatste dag van de Aanbiedingsperiode zal resulteren in een verlenging van de Aanbiedingsperiode met ten minste één werkdag. In dit geval geldt dat, indien de Aanbiedingsperiode voor Nederlandse Particuliere Beleggers (zoals hieronder gedefinieerd) al is afgesloten, deze Aanbiedingsperiode voor Nederlandse Particuliere Beleggers moet worden heropend. Op deze manier hebben alle beleggers, met inbegrip van Nederlandse Particuliere Beleggers, ten minste twee werkdagen om hun inschrijvingen te heroverwegen. Dergelijke wijzigingen van het aantal Aangeboden Aandelen en/of de Bandbreedte van de Aangeboden Aandelen zullen worden gepubliceerd in een persbericht dat ook op de website van de Vennootschap zal worden geplaatst. Na wijziging van het aantal Aangeboden Aandelen moeten verwijzingen naar Aangeboden Aandelen in het Prospectus worden gelezen als verwijzingen naar het gewijzigde aantal Aangeboden Aandelen en moet verwijzingen naar Overtoewijzingsaandelen worden gelezen als verwijzingen naar het gewijzigde aantal Overtoewijzingsaandelen. **Toewijzing** De toewijzing van Aangeboden Aandelen zal naar verwachting plaatsvinden na afloop van de Aanbiedingsperiode op of omstreeks 9 juni 2016, onder voorbehoud van vervroeging of verlenging van het tijdschema van de Aanbieding. De partijen bij de Underwriting Overeenkomst zijn overeengekomen dat de toewijzing zal worden bepaald door de Nederlandse Minister van Financiën, na overleg met de Verkopende Aandeelhouder en de Vennootschap, in navolging van aanbevelingen van de Joint Global Coordinators en in overeenstemming met de toewijzingsvoorschriften zoals bepaald door de Minister van Financiën na overleg met de Verkopende Aandeelhouder en de Vennootschap en de Joint Global Coordinators. Met inachtneming van de overkoepelende doelstellingen ten aanzien van het realiseren van een institutionele beleggersbasis met een passende combinatie van institutionele beleggers (qua bv. type, stijl en geografische locatie) en een ordelijke secundaire markt in de Aandelen, zullen orders van institutionele beleggers met onder meer de volgende bijzonderheden met voorrang worden behandeld bij de toewijzing: tijdig ingediende orders, prijsleiderschap, consistentie van ordergrootte tijdens het proces en interesse in de Vennootschap, en de mate van detail en kwaliteit van de terugkoppeling (inclusief gedetailleerde inzichten) op de waardering van de Vennootschap.

		De toewijzing aan de beleggers die hebben aangegeven te willen inschrijven op de Aangeboden Aandelen zal systematisch geschieden met gebruik van van zowel kwantitatieve als kwalitatieve maatregelen op basis van de bovenstaande criteria. Niettemin behoudt de Verkopende Aandeelhouder zich het recht voor om (op voorwaarde van goedkeuring door de Nederlandse Minister van Financiën) geheel naar eigen goeddunken te beslissen of de Aangeboden Aandelen al dan niet worden toegewezen en op welke wijze deze worden toegewezen. Er bestaat geen maximum of minimum Aangeboden Aandelen waarop potentiële beleggers kunnen inschrijven en er zijn meerdere (aanvragen voor) inschrijvingen toegestaan. Ingeval er sprake is van overinschrijving op de Aanbieding bestaat de kans dat beleggers minder Aangeboden Aandelen ontvangen dan waarop zij hebben ingeschreven. De Verkopende Aandeelhouder, de Vennootschap en de Joint Global Coordinators mogen, naar eigen goeddunken en zonder opgaaf van redenen, inschrijvingen geheel of deels weigeren, zelfs wanneer aan één of alle van de bovengenoemde criteria is voldaan. De Joint Global Coordinators zullen institutionele beleggers in kennis stellen van de Aangeboden Aandelen die aan hen zijn toegewezen. **Preferente toewijzing aan particuliere beleggers** Er zal een preferente toewijzing van Aangeboden Aandelen plaatsvinden aan daarvoor in aanmerking komende particuliere beleggers in Nederland (ieder afzonderlijk te noemen een "**Nederlandse Particuliere Belegger**") in overeenstemming met toepasselijke wet- en regelgeving (de "**Preferente toewijzing aan Particuliere Beleggers**"). In principe zal aan iedere Nederlandse Particuliere Belegger de eerste 225 Aangeboden Aandelen (of minder) waarop desbetreffende belegger heeft ingeschreven, worden toegewezen. Indien het totale aantal Aangeboden Aandelen waarop door Nederlandse Particuliere Beleggers wordt ingeschreven echter meer bedraagt dan 10% van het totale aantal Aangeboden Aandelen, uitgaande van volledige uitoefening van de Overtoewijzingsoptie, dan mag de Preferente toewijzing aan elke Nederlandse Particuliere Belegger plaatsvinden *naar evenredigheid* van de eerste 225 Aangeboden Aandelen (of minder) waarop een dergelijke belegger heeft ingeschreven. Als gevolg daarvan kan het voorkomen dat Nederlandse Particuliere Beleggers niet alle eerste 225 Aangeboden Aandelen (of minder) waarop zij hebben ingeschreven, krijgen toegewezen. Het exacte aantal Aangeboden Aandelen dat aan Nederlandse Particuliere Beleggers wordt toegewezen, zal na afloop van de Aanbiedingsperiode worden vastgesteld. De Preferente toewijzing aan Particuliere Beleggers vindt uitsluitend plaats met betrekking tot Aangeboden Aandelen die 10% van het totale aantal Aangeboden Aandelen vertegenwoordigen, uitgaande van volledige uitoefening van de Overtoewijzingsoptie. De Verkopende Aandeelhouder mag, na overleg met de Vennootschap en in navolging van aanbevelingen van de Joint Global Coordinators, geheel naar eigen goeddunken bepalen of de resterende Aangeboden Aandelen waarop is ingeschreven (d.w.z. het aantal Aangeboden Aandelen waarop is ingeschreven boven 225 Aangeboden Aandelen) al dan niet worden toegewezen en op welke wijze deze worden toegewezen, inclusief een totale toewijzing van Aangeboden Aandelen aan Nederlandse Particuliere Beleggers boven of onder 10% van het totale aantal Aangeboden Aandelen, uitgaande van volledige uitoefening van de Overtoewijzingsoptie.

Nederlandse Particuliere beleggers kunnen uitsluitend inschrijven op basis van een “bestens” order. Dit wil zeggen dat Nederlandse Particuliere Beleggers verplicht zijn tot koop en betaling van de Aangeboden Aandelen genoemd in hun inschrijving, voor zover deze aan hen worden toegewezen, tegen de Aanbiedingsprijs, zelfs wanneer de Bandbreedte van de Aanbiedingsprijs is gewijzigd. Nederlandse Particuliere Beleggers hebben op ieder moment vóór het einde van de Aanbiedingsperiode voor Nederlandse Particuliere Beleggers (indien van toepassing, zoals gewijzigd of verlengd) en om welke reden dan ook, met inbegrip van een verhoging van de Bandbreedte van de Aanbiedingsprijs, het recht om hun aanvraag te wijzigen of te annuleren bij de financiële tussenpersoon waar zij hun oorspronkelijke inschrijving hebben ingediend. Nederlandse Particuliere Beleggers kunnen hun inschrijving indienen via hun eigen financiële tussenpersoon. De financiële tussenpersoon is verantwoordelijk voor het vergaren van de inschrijvingen van Nederlandse Particuliere Beleggers en voor het indienen van hun inschrijvingen bij ABN AMRO Bank N.V. die optreedt als retail coördinator (de “**Retail Coördinator**”). De Retail Coördinator zal alle inschrijvingen van Nederlandse Particuliere Beleggers die zijn ingediend door financiële tussenpersonen samenvoegen en de Joint Global Coordinators, de Vennootschap en de Verkopende Aandeelhouder in kennis stellen. Alle vragen over de tijdigheid, geldigheid en vorm van de instructies aan een financiële tussenpersoon met betrekking tot de aankoop van Aangeboden Aandelen, moeten door de financiële tussenpersoon worden afgehandeld in overeenstemming met zijn reguliere procedures of zoals anderszins kenbaar gemaakt aan de Nederlandse Particuliere Beleggers. De Vennootschap en de Verkopende Aandeelhouder zijn niet aansprakelijk voor enig handelen of nalatigheid aan de zijde van een financiële tussenpersoon in verband met een inschrijving, aankoop of voorgenomen aankoop van Aangeboden Aandelen.

Met betrekking tot de Preferente toewijzing aan Particuliere Beleggers wordt onder een Nederlandse Particuliere Belegger verstaan: (i) een in Nederland woonachtige natuurlijke persoon; of (ii) een investeringsverhikel met statutaire zetel in Nederland, zijnde een rechtspersoon die is opgericht met als enig en uitdrukkelijk doel het vermogensbeheer en/of de pensioenplanning voor een natuurlijke persoon.

Om in aanmerking te komen voor de Preferente toewijzing aan Particuliere Beleggers moeten Nederlandse Particuliere Beleggers hun inschrijvingen via financiële tussenpersonen indienen gedurende de periode die aanvangt op 31 mei 2016 om 9:00 MET en eindigt op 8 juni 2016 om 17:30 MET. Verschillende financiële tussenpersonen kunnen deadlines vóór de sluitingstijd van de Aanbiedingsperiode hanteren.

Betaling

Naar verwachting zal betaling (in euro’s) op de Afwikkelingsdatum plaatsvinden. Eventuele belastingen en kosten zijn voor rekening van de belegger. Beleggers dienen op of vóór de Afwikkelingsdatum (of eerder in geval van een eerdere sluiting van de Aanbiedingsperiode en een daarmee samenhangende vervroeging van de prijsbepaling, toewijzing, aanvang van de handel en afwikkeling) de Aanbiedingsprijs volledig in euro’s te betalen in liquide middelen.

Levering van Aandelen

De Aangeboden Aandelen zullen in girale vorm worden geleverd via de faciliteiten van Euroclear Nederland. Er is een aanvraag ingediend voor de clearance van de Aandelen via inschrijving in het register van Euroclear Nederland.

Ingeval de Afwikkeling niet plaatsvindt op de Afwikkelingsdatum zoals gepland of in het geheel niet plaatsvindt, kan de Aanbieding worden ingetrokken, in welk geval alle inschrijvingen op Aangeboden Aandelen als niet gedaan worden beschouwd, alle gerealiseerde toewijzingen nietig worden verklaard en alle gedane inschrijvingsbetalingen zullen worden gerestitueerd zonder rente of andere compensatie. Alle handel in Aandelen voorafgaand aan de Afwikkelingsdatum is uitsluitend voor risico van betreffende partijen. De Vennootschap, de Verkopende Aandeelhouder, de Underwriters, de bank die optreedt als Noteringsagent en Betaalkantoor (zoals hieronder gedefinieerd), N M Rothschild & Sons Limited (optredend als financieel adviseur van de Verkopende Aandeelhouder ter zake van de Aanbieding) en UBS Limited (optredend als financieel adviseur van de Vennootschap ter zake van de Aanbieding) (N M Rothschild & Sons Limited en UBS Limited tezamen te noemen de "**Financieel Adviseurs**") en Euronext Amsterdam aanvaarden geen enkele verantwoordelijkheid of aansprakelijkheid voor verliezen van personen als gevolg van een intrekking van de Aanbieding of de daarmee samenhangende nietigheid van transacties in Aangeboden Aandelen op Euronext in Amsterdam.

Underwriting Overeenkomst

De Vennootschap, de Verkopende Aandeelhouder en de Joint Global Coordinators (namens henzelf en de andere Underwriters (zoals hieronder gedefinieerd)) zijn op 30 mei 2016 een underwriting overeenkomst aangegaan met betrekking tot de aanbieding en verkoop van de Aangeboden Aandelen (de "**Underwriting Overeenkomst**").

Na de afsluiting van de prijsovereenkomst tussen de Vennootschap, de Verkopende Aandeelhouder en de Joint Global Coordinators (namens de Underwriters), welke naar verwachting op of omsteeks 9 juni 2016 zal worden afgesloten (de "**Prijsovereenkomst**") en wat een voorwaarde is voor de verplichtingen van de Underwriters onder de Underwriting Overeenkomst, en onder de voorwaarden en met inachtneming van de andere bepalingen vastgelegd in de Underwriting Overeenkomst, komt de Verkopende Aandeelhouder overeen om de Aangeboden Aandelen tegen de Aanbiedingsprijs aan de Underwriters te verkopen, en komen de Underwriters hoofdelijk (en niet gezamenlijk of gezamenlijk en hoofdelijk) overeen om de Aangeboden Aandelen tegen de Aanbiedingsprijs te kopen dan wel door een van hun gelieerde ondernemingen te laten kopen van de Verkopende Aandeelhouder.

In de Underwriting Overeenkomst worden door de Vennootschap en de Verkopende Aandeelhouder bepaalde toezeggingen gedaan en garanties verstrekt. Voorts is de Vennootschap overeengekomen om de Underwriters te vrijwaren tegen bepaalde aansprakelijkheden in verband met de Aanbieding.

		De verplichtingen van de Underwriters ingevolge de Underwritings Overeenkomst zijn onderworpen aan de naleving, of het naar eigen goeddunken afstand nemen door de Underwriters, van een aantal voorwaarden ten gunste van de Underwriters, met inbegrip van doch niet beperkt tot (i) de afwezigheid van enige wezenlijke negatieve wijziging in de bedrijfsvoering van de Groep, (ii) de ontvangst van adviezen over bepaalde juridische kwesties van rechtskundige adviseurs van de Vennootschap of de Underwriters, (iii) de tenuitvoerlegging van documenten met betrekking tot de Aanbieding en het onverminderd van kracht zijn van dergelijke documenten, (iv) het akkoord gaan met de Prijsovereenkomst, en daarmee de vaststelling van Uitgifteprijs en het exacte aantal Aangeboden Aandelen (i.e. een emissie met uisluitend een risico op de Afwikkelingsdatum), (v) de toelating tot de notering van en handel in de Aangeboden Aandelen op Euronext Amsterdam, en (vi) bepaalde andere gebruikelijke closing voorwaarden. De Underwriters hebben het recht om geheel of deels afstand te doen van de eis dat aan deze voorwaarden moet worden voldaan. Bij het zich voordoen van bepaalde gebeurtenissen, zoals wanneer er niet aan de opschortende voorwaarden wordt voldaan of wanneer daarvan afstand wordt gedaan, hebben de Underwriters het recht om de Underwriting Overeenkomst te beëindigen. **Joint Global Coordinators** ABN AMRO Bank N.V., Citigroup Global Markets Limited en het filiaal van de Deutsche Bank AG te Londen treden op als joint global coordinators voor de Aanbieding (de "**Joint Global Coordinators**"). **Joint Bookrunners** Barclays Bank PLC, Coöperatieve Rabobank U.A. (Rabobank), HSBC Bank plc en ING Bank N.V. treden op als joint bookrunners voor de Aanbieding (de "**Joint Bookrunners**"). **Co-Lead Manager** Joh. Berenberg, Gossler & Co. KG treedt op als co-lead manager voor de Aanbieding (de "**Co-Lead Manager**"). **Underwriters** De Joint Global Coordinators, de Joint Bookrunners en de Co-Lead Manager treden op als underwriters (de "**Underwriters**"). **Noteringsagent en Betaalkantoor** ABN AMRO Bank N.V. is noteringsagent en betaalkantoor met betrekking tot de toelating tot en handel in de Aandelen op Euronext in Amsterdam. **Retail Coördinator** ABN AMRO Bank N.V. is de Retail Coördinator met betrekking tot de Preferente toewijzing aan Particuliere Beleggers.

		Stabilisatieagent Deutsche Bank AG, London Branch is de stabilisatieagent (de "**Stabilisatieagent**") met betrekking tot de notering van de Aangeboden Aandelen en Overtoewijzingsaandelen aan Euronext in Amsterdam.
E.4	Materiële belangen bij de Aanbieding (met inbegrip van tegenstrijdige belangen)	De Underwriters en de Financieel Adviseurs (en/of hun respectieve gelieerde ondernemingen) hebben zich van tijd tot tijd beziggehouden met en zouden zich in de toekomst kunnen bezighouden met het verlenen van commerciële bankdiensten, investeringsbankdiensten, het geven van financiële adviezen en het uitvoeren van bijkomende activiteiten in de normale uitoefening van hun bedrijfsvoering aan de Groep (of partijen die daaraan gelieerd zijn), en in het kader daarvan hebben zij de gebruikelijke vergoedingen, honoraria en/of provisies ontvangen en kunnen zij in de toekomst de gebruikelijke vergoedingen, honoraria en/of provisies ontvangen. De Underwriters en hun respectieve gelieerde ondernemingen kunnen dergelijke diensten in de toekomst verlenen aan de Groep en haar Groepsmaatschappijen. Deze diensten kunnen bestaan uit, zonder beperking, uitgifte of creatie van en handel in effecten en financiële producten van de Groep, het met Groepsmaatschappijen optreden in syndicaten voor de aanbieding van obligaties of aandelen, het verlenen van investeringsbankdiensten, commerciële bankdiensten of financieringsdiensten met en aan de Groep en krediet- en tariefstromen met Groepsmaatschappijen, het opzetten van effectenfinanciering, het optreden als binnenlandse betalingsafhandelaar voor Groepsmaatschappijen, het aanhouden van rekeningen voor het liquiditeitsbeheer van de Groepsmaatschappijen, het verlenen van *treasury* diensten, zoals repo, financiering van financiële instrumenten en portefeuillebeheer met het oog op liquiditeitsbeheer en het verlenen van handelsdiensten zoals krediet-, tarief- en wisselkoersdiensten, diensten op het gebied van effecten en certificaten van deposito's, en de verkoop van vastrentende producten en staatsobligaties. Daarnaast kunnen de Underwriters en de Groep verwikkeld raken in dezelfde lopende of dreigende rechtszaken. Bovendien kunnen de Underwriters en de Financieel Adviseurs en/of hun gelieerde ondernemingen in het kader van hun normale bedrijfsuitoefening houder zijn van, houder zijn geweest van of in de toekomst houder worden van een breed scala van beleggingen en voor eigen rekening en voor rekening van hun klanten actief handelen in de schuldbewijzen en aandelen van de Groep (of aanverwante derivaten) en financiële instrumenten (met inbegrip van bankkrediet), met inbegrip van effecten waarvoor de Underwriters mogelijk namens derden stemrechten hebben met betrekking tot de effecten van de Groep. De Underwriters en de Financieel Adviseurs en hun respectieve gelieerde ondernemingen kunnen ook beleggingsadviezen geven en/of onafhankelijke onderzoeksstandpunten met betrekking tot effecten en/of financiële instrumenten van de Vennootschap, haar gelieerde ondernemingen en/of gelieerde ondernemingen van de Verkopende Aandeelhouder publiceren of bekendmaken, en kunnen long en/of short posities in dergelijke effecten en instrumenten innemen, of deze aanraden aan door hen aangetrokken klanten. In het licht van het bovenstaande is om reden van vertrouwelijkheid het delen van informatie in het algemeen beperkt door interne procedures en door regels en voorschriften (met inbegrip van de regels en voorschriften van de AFM). Als gevolg van deze transacties hebben deze partijen mogelijk belangen die niet op één lijn liggen met, of tegenstrijdig zouden kunnen zijn met, de belangen van houders van Aandelen of met de belangen van de Groep.

		In verband met de Aanbieding mogen alle Underwriters of hun respectieve gelieerde ondernemingen, handelend als belegger voor eigen rekening, Aangeboden Aandelen in de Aanbieding verwerven en in die hoedanigheid dergelijke effecten en Aangeboden Aandelen of gerelateerde beleggingen aanhouden, kopen of verkopen en dergelijke Aangeboden Aandelen aanbieden of verkopen anders dan in verband met de Aanbieding. Daarom dienen verwijzingen in het Prospectus naar aanbiedingen of plaatsingen van Aangeboden Aandelen te worden gelezen als inclusief alle aanbiedingen of plaatsingen van Aangeboden Aandelen ten gunste van de Underwiters of hun gelieerde ondernemingen die in zulk een hoedanigheid handelen. Voorts kunnen bepaalde Underwriters of hun gelieerde ondernemingen financieringsregelingen (inclusief swaps) aangaan met beleggers in verband waarmede de Joint Global Coordinators (of hun gelieerde ondernemingen) van tijd tot tijd Aandelen kunnen kopen, aanhouden of verkopen. Geen van de Underwriters is voornemens mededelingen te doen over de omvang van dergelijke beleggingen of transacties anders dan in overeenstemming met wet- of regelgeving die hen verplicht zulks te doen. Als gevolg van het handelen in de hoedanigheden zoals hierboven omschreven, hebben de Underwriters mogelijk belangen die niet op één lijn liggen met, of tegenstrijdig zouden kunnen zijn met, de belangen van de beleggers en de Groep.
E.5	Persoon of entiteit die aanbiedt de effecten te verkopen en lock-up overeenkomsten	**Lock-up van de Vennootschap** In verband met de Aanbieding is de Vennootschap overeengekomen dat zij zich, gedurende een periode vanaf de datum van de Underwriting Overeenkomst tot 180 dagen na de Afwikkelingsdatum, behoudens zoals hieronder bepaald, zonder de voorafgaande schriftelijke toestemming van de Joint Global Coordinators (handelend namens de Underwriters), welke toestemming niet op onredelijke gronden zal worden onthouden, (i) zal onthouden van het aanbieden, verpanden, verkopen, opdracht geven tot verkoop, verkopen van enige optie of overeenkomst tot aankoop, aankoop van enige optie of overeenkomst tot verkoop, verlenen van een optie, een recht of garantie tot koop, lenen of anderszins overdragen of vervreemden, direct of indirect, van enige Aandelen in het kapitaal van de Vennootschap of andere effecten converteerbaar in, uitoefenbaar of inwisselbaar voor aandelen in het kapitaal van de Vennootschap (met inbegrip van Aandelen), en (ii) zal onthouden van het aangaan van een swap of andere overeenkomst of transactie die in het geheel of ten dele het economisch eigendom van de aandelen in het kapitaal van de Vennootschap of de Aandelen overdraagt, ongeacht of een transactie zoals beschreven in het bovenstaande lid (i) of (ii) moet worden afgewikkeld door de levering van aandelen, Aandelen of andere effecten, in contanten of op andere wijze.

		De voorgaande zin is niet van toepassing op: (i) een uitgifte met het oog op de overname van een vennootschap of onderneming; (ii) een uitgifte of conversie vóór de Afwikkelingsdatum om een reorganisatie van het maatschappelijk kapitaal zoals beschreven in het Prospectus te bewerkstelligen; (iii) indien de Groep of een dochteronderneming op last van een bevoegde Autoriteit moet herkapitaliseren op grond van *inter alia* Richtlijn 2009/138/EG, Richtlijn 2014/51/EU, Richtlijn 2013/36/EU, Verordening (EU) No 575/2013, Richtlijn 2014/59/EU, Verordening (EU) 806/2014, en onderliggende voorschriften van deze richtlijnen en verordeningen, indien van toepassing zoals geïmplementeerd in de Nederlandse wet, en de Nederlandse Wet Financieel Toezicht en onderliggende voorschriften daarvan, of noodzakelijke maatregelen moet nemen voor het herstellen van inbreuken op de vereisten van Richtlijn 2009/138/EG, Richtlijn 2014/51/EU, Richtlijn 2013/36/EU, Verordening (EU) Nr 575/2013 of de Nederlandse Wet Financieel Toezicht en onderliggende voorschriften daarvan of voor het weerleggen van bewijs dat de Groep of een dochteronderneming waarschijnlijk inbreuk zal maken op een van de voorschriften van Richtlijn 2009/138/EG, Richtlijn 2014/51/EU, Richtlijn 2013/36/EU, Verordening (EU) Nr 575/2013, Richtlijn 2009/138/EG, Richtlijn 2014/51/EU, Richtlijn 2013/36/EU, Verordening (EU) Nr 575/2013 of de Nederlandse Wet Financieel Toezicht en onderliggende voorschriften van ieder van dezen; en (iv) ingeval de Vennootschap genoodzaakt is kapitaal aan te trekken zodat staatssteun verenigbaar kan worden verklaard op grond van Artikel 107 (3) van het Verdrag betreffende de Werking van de Europese Unie. **Lock-up van de Verkopende Aandeelhouder** In verband met de Aanbieding is de Verkopende Aandeelhouder overeengekomen dat zij zich, gedurende een periode vanaf de datum van de Underwriting Overeenkomst tot 180 dagen na de Afwikkelingsdatum, behoudens zoals hieronder bepaald, zonder de voorafgaande toestemming van de Joint Global Coordinators (handelend namens de Underwriters), welke toestemming niet op onredelijke gronden zal worden onthouden, (i) zal onthouden van het aanbieden, verpanden, verkopen, opdracht geven tot verkoop, verkopen van enige optie of overeenkomst tot aankoop, aankoop van enige optie of overeenkomst tot verkoop, verlenen van een optie, recht of garantie tot aankoop, lenen, ervoor zorgen dat de Vennootschap moet uitgeven, of anderszins overdragen of vervreemden, direct of indirect, van enige Aandelen of andere effecten converteerbaar in, uitoefenbaar of inwisselbaar voor Aandelen, en (ii) zal onthouden van het aangaan van een swap of andere overeenkomst of transactie die in het geheel of ten dele het economisch eigendom van de aandelen in het kapitaal van de Vennootschap of de Aandelen overdraagt, ongeacht of een transactie zoals beschreven in het bovenstaande lid (i) of (ii) moet worden afgewikkeld door de levering van aandelen, Aandelen of andere effecten, in contanten of op andere wijze.

		De voorgaande zin is niet van toepassing op: (i) de verkoop van Aangeboden Aandelen ingevolge de Underwriting Overeenkomst; (ii) het in lening geven van Aandelen ingevolge de effectenuitleenovereenkomst die naar verwachting op om omstreeks 9 juni 2016 gedateerd zal zijn; (iii) de overdracht van Aandelen door de Verkopende Aandeelhouder aan een gelieerde onderneming of aan de Nederlandse Staat, mits de ontvangende partij toezeggingen doet aan de Joint Global Coordinators die gelijk zijn aan die welke hierboven zijn beschreven; (iv) de verkoop, overdracht of andere vervreemding van Aandelen in het kapitaal van de Vennootschap door middel van acceptatie van een openbaar overnamebod, fusie of soortgelijke samenvoeging met het bedrijf van een derde met betrekking tot alle uitgegeven aandelen of Aandelen of door middel van acceptatie van een gedeeltelijk overnamebod zoals toegestaan bij Nederlandse wet; en (v) de verkoop of vervreemding van Aandelen wanneer dit bij wet verplicht is of wanneer dit geschiedt op last van een Bevoegde Autoriteit.
E.6	Verwatering	Niet van toepassing. Omdat er uitsluitend bestaande aandelen worden aangeboden, zal de Aanbieding geen verwaterend effect hebben.
E.7	Geraamde kosten die de Vennootschap aan de beleggers in rekening brengt	Niet van toepassing. Er zijn of zullen door de Vennootschap of de Verkopende Aandeelhouder met betrekking tot de Aanbieding geen kosten bij de beleggers in rekening worden gebracht.

RISK FACTORS

Before investing in the Shares, prospective investors should carefully consider the risks and uncertainties described below, together with the other information contained or incorporated by reference in this Prospectus. The occurrence of any of the events or circumstances described in these risk factors, individually or together with other circumstances, could have a material adverse effect on the Group, its business, revenues, prospects, results and financial condition. In that event, the value of the Shares could decline and an investor might lose part or all of his investment.

All of these risk factors and events are contingencies which may or may not occur. The Group may face a number of these risks described below simultaneously and one or more risks described below may be interdependent. Neither the numbering, which has been included to aid prospective investors when risk factors are referenced in other chapters of this Prospectus, nor the order in which risks are presented is necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the business, revenues, prospects, results and financial condition of the Group.

The risk factors are based on assumptions that could turn out to be incorrect. Furthermore, although the Group believes that the risks and uncertainties described below are the material risks and uncertainties concerning the Group's business and the Shares, they are not the only risks and uncertainties relating to the Group and the Shares. Other risks, events, facts or circumstances not presently known to the Group, or that the Group currently deems to be immaterial could, individually or cumulatively, prove to be important and could have a material adverse effect on the Group's business, revenues, prospects, results and financial condition. The value of the Shares could decline as a result of the occurrence of any such risks, events, facts or circumstances or as a result of the events, facts, or circumstances described in these risk factors, and investors could lose part or all of their investment.

Prospective investors should carefully read and review the entire Prospectus and should form their own views before making an investment decision with respect to any Shares. Furthermore, before making an investment decision with respect to any Shares, prospective investors should consult their own stockbroker, bank manager, lawyer, auditor or other financial, legal and/or tax advisers and carefully review the risks associated with an investment in the Shares and consider such an investment decision in light of their personal circumstances.

1. Risks Relating to the Group's Business

GENERAL ECONOMIC AND MARKET CONDITIONS

1. *The Group's growth, business, revenues and results are materially affected by general economic conditions and other business conditions. The ongoing turbulence and volatility of such conditions may adversely affect the Group's business, revenues, results and financial condition*

Global economic conditions remain volatile, and it is uncertain how the global economy will evolve over time. The divergence in economic conditions in the United States, the EU and Asia including the effects of quantitative easing in the EU, tightening monetary policy in the United States, the prolonged economic stagnation in Europe, slowing economic growth in China and the political turmoil in various regions around the world could negatively impact the Group's operations. Since the onset of the financial crisis in 2008, which in Europe was followed by the onset of the euro crisis in 2010, weak macroeconomic conditions, including recessions, and the implementation of austerity measures in many economies, along with financial market turmoil and volatility have negatively affected, and if these trends persist will continue to negatively affect, the Dutch economy and therefore the behaviour of the Group's customers, and by extension, the demand for, and supply of, the Group's products and services. High unemployment levels; reduced consumer and government spending levels; government monetary and fiscal policies; inflation rates; interest rates; credit spreads and credit default rates; currency exchange rates; market indices, equity and other securities prices; real estate prices and changes in customer behaviour have affected and will continue to affect the Group. All of these factors are impacted by changes in financial markets and developments in the global and European economies. In addition, despite recent improvements in the financial position of many European countries, the peripheral European financial system continues to be weak and could deteriorate further and there remains a risk that financial difficulties may result in certain European countries exiting the Eurozone. Similarly, there is a risk that the United Kingdom could leave the European Union ("**EU**") as a referendum to vote on the United Kingdom's continued membership in the EU is anticipated on 23 June 2016. The uncertainty as to the result of this vote prior to the referendum could result in increased volatility in the currency markets and could have a material and adverse impact on the Dutch and other European economies. Although it is

difficult to predict the consequences if the referendum were to result in the U.K. exiting the EU, the Group could be adversely affected in a number of ways including through exposure to fluctuations in the equity, fixed income and property markets which could result in a material adverse effect on its returns on invested assets and the value of its investment portfolio or its solvency position. See also "—18. The Group's exposure to fluctuations in the equity, fixed income and property markets could result in a material adverse effect on its returns on invested assets, including assets in its investment portfolio, or its solvency position".

International equity markets have also continued to experience heightened volatility and turmoil with institutions, including the Group, that have exposure to the real estate, mortgage and credit markets particularly vulnerable. Furthermore, recent concerns regarding negative interest rates and the low level of interest rates generally may negatively impact the Group's net interest income, which may have an adverse impact on the Group's profitability.

Renewed significant downturns in equity markets, significant shifts in currency rate valuations, a European country exiting, or making a decision to exit, the Eurozone and/or the EU, downgrades of issuers by rating agencies, in particular of sovereign debt issuers, further downward appraisals of property values and/or significant movements of interest rates and credit spreads or any of the other developments described above could have a material adverse effect on the Group's capital and solvency position and results. Furthermore, economic downturns could also result in increased incidence of internal and external fraud, including fraudulent claims by customers, theft, corruption and insider trading. Other events may also adversely affect the financial markets, such as heightened geopolitical tensions, war, acts of terrorism, natural disasters or other similar events.

As the Dutch, European and global economies have taken steps to recover from the financial crisis, significant actions by governments, including bail-outs of financial institutions, as well as volatile markets, interest rates and credit spreads, significant changes in asset valuations (including material write-offs and write-downs of impaired assets), have all affected the business of financial institutions, including the Group. Continuing weakness or significant deterioration in the Dutch or, to the extent they affect the Dutch economy, the European and global economies, a failure to return to growth, and continuing volatility in financial markets could have a material adverse effect on the Group's business, revenues, results and financial condition.

2. *The Group, due to its concentration in the Dutch market, is particularly exposed to the economic, market, fiscal and regulatory conditions in the Netherlands and is highly susceptible to changes in any of these conditions*

Virtually all of the Group's operating income is generated and accounted for in the Netherlands. As a result, the Group is dependent upon the prevailing economic, political and social conditions in the Netherlands, including unemployment levels in the Netherlands. Austerity measures initiated by the Dutch government combined with weakened economic conditions in Europe and, in particular, the Netherlands following the global economic and financial crisis, resulted in higher unemployment rates, weak property markets, below-target inflation and pressure on disposable incomes. Ongoing weak economic and market conditions in the Netherlands and western Europe in general have negatively affected and, if they were to persist, will continue to negatively affect the Group's results of operations. The Group's own investment portfolio, in particular its equity and real estate portfolios, as well as its mortgage loan portfolio are particularly exposed to changes in Dutch economic and market conditions. See also "—6. The Group's business, revenues, results and financial condition are exposed to changes in legislation applicable to the housing market in the Netherlands and the Group's residential retail and commercial mortgage portfolio is exposed to the risk of default by borrowers and to declines in real estate prices".

Any further deterioration in these conditions or a long-term persistence of these conditions could result in a downturn in new business and sales volumes of the Group's products, and a decrease of its investment return, which, in turn, could have a material adverse effect on the Group's business, revenues, results and financial condition.

3. ***The Group has long-term assets and liabilities and is exposed to the risk of a mismatch between the value of its assets and liabilities resulting from changes in interest rates and credit spreads, which could have a material adverse effect on the Group's business, revenues, results and financial condition***

As a provider of life insurance and guaranteed pension products, the Group requires a significant amount of long-term fixed income assets to be matched against its long-term insurance liabilities, although there will always be sizeable mismatches in duration under certain frameworks. Fixed income assets are typically valued at fair market value in accordance with current accounting and solvency regulations and are therefore sensitive to interest rate and credit spread movements. However, corresponding liability valuations do not fluctuate with interest rate and credit spread movements when they are valued using a fixed accrual methodology, which may apply depending on applicable accounting, reporting and regulatory frameworks. Moreover, even if the corresponding liabilities are valued using a market consistent methodology, they may nevertheless have limited or different sensitivity to credit spread and interest rate movements because the discount rates applied in those market valuations (in some cases, including the discount rate prescribed or determined by regulators) typically do not fully reflect sensitivities to credit spread and interest rate movements and therefore the value of the Group's liabilities may not match that of its fixed income assets. Although credit spread widening is expected to have a positive impact on the Volatility Adjustment ("**VA**"), it may have an overall negative impact on the Group's Solvency II ratio. As at 31 December 2015 based on management estimates, if the credit spread had increased by 75 basis points, the Group's Solvency II ratio would have increased by 10 percentage points and a 1% decrease in the ultimate forward rate ("**UFR**") would have been expected to result in a negative impact of 17 percentage points on the Group's Solvency II ratio (for more information see "Operating and Financial Review—Capital Requirements—Solvency II" and "The Group's Consolidated Financial Statements as of and for the Year Ended 31 December 2015—Risk Management").

In all of these cases, there is a mismatch between the valuations of the fixed income assets and liabilities that, depending on applicable accounting, reporting and regulatory frameworks, could have a material adverse effect on the Group's available regulatory capital, business, revenues, results and financial condition.

4. ***The sustained low interest rate environment in recent years in Europe, both of market rates and of the UFR, has negatively impacted the Group in various ways and will continue to do so if it persists***

In a period of sustained low interest rates, financial and insurance products with long-term options and guarantees (such as pension, whole-life, funeral and disability products) may be more costly to the Group. The Group may therefore incur higher costs to hedge the investment risk associated with such long-term options and guarantees of these products. Moreover, the required economic capital, i.e. the minimum amount of capital that is required to absorb unexpected losses in times of severe stress based on the Group's internal risk model ("**ECAP**"), which the Group holds for long-term risks, such as longevity, expense and morbidity risks, is interest rate sensitive. When interest rates decline, which, in turn, results in an increase in the valuation of liabilities, the Group's required economic capital is expected to increase and vice versa. These effects limit the ability of the Group to offer financial and insurance products with long-term options and guarantees at affordable prices. As a consequence, new business levels will be lower and, due to fixed costs, profitability could be reduced. Also, if interest rates are volatile the present value impact of changes in assumptions affecting future benefits and expenses will also be volatile, creating more volatility in the Group's results of operations and available regulatory capital.

In addition, the Group holds long-term fixed income assets, which are matched against its long-term liabilities. Over the next several years fixed income assets that were purchased prior to the onset of the financial crisis when interest rates were higher will run off. This will subject the Group to an investment risk because, in a low interest rate environment, the Group may not be able to reinvest the proceeds from maturing investments or to invest the premiums, including premiums which it will continue to receive on recurring premium products with interest rate guarantees, in assets with a comparable return profile. This would in turn reduce profitability and could lead to a lower Solvency II ratio, which may adversely affect the Group's ability to implement its business plan or distribute capital and may require it to take remedial action.

The risk from interest rate developments are, amongst other things, a result of the UFR which is 4.2% currently, since under Solvency II life liabilities are discounted with a curve including the UFR. In current market conditions, the application of the UFR results in an increase of interest rates used for the Solvency II valuation of the technical provisions for maturities of 20 years or longer. Application of the

UFR makes the valuation of the technical provisions less sensitive to interest movements as compared to fixed income investments. The UFR is set by the European Insurance and Occupational Pensions Authority ("**EIOPA**") which may take into account, among other factors, interest rates, which are at a historically low level, and inflation. The Dutch Central Bank (*De Nederlandsche Bank N.V.*, the "**DNB**") has lowered the UFR for pension funds in 2015 and EIOPA has announced plans to evaluate the level of the UFR for insurance companies during 2016. Pension funds operate under a different legal framework and have to apply, after the adjustment by DNB, a 3.3% level of UFR, while the legal framework for insurance companies still contemplates a 4.2% level of the UFR pursuant to the Solvency II directive. A lower level of UFR used in the calculation of the Solvency II regime would result in higher valuation amounts for insurance liabilities and lower figures for own funds, which may in turn materially and adversely affect the Group's business, revenue, results and financial condition. For example, based on management estimates as at 31 December 2015, a 1% decrease in the UFR would be expected to result in a negative impact of 17 percentage points on the Group's Solvency II ratio (see also "The Group's Consolidated Financial Statements as of and for the Year Ended 31 December 2015—Risk Management" and "—45. The EU has introduced Solvency II, a new regime governing solvency margins and provisions, the effects of which and the Dutch regulator's interpretation thereof are uncertain as of 1 January 2016. If the Group is not able to adequately comply with the Solvency II requirements, this could have a material adverse effect on its business, solvency, results and financial condition"). However, assets are valued at market value which implies a valuation on an economic curve excluding the UFR. Therefore, an increase in interest rates could impact assets more than liabilities and the use of the UFR in the calculation of the market value of insurance liabilities influences the reported interest rate sensitivity of the Group. The Group uses derivative instruments such as interest rate swaps and swaptions to mitigate its exposure to interest rate volatility. Any mismatch between the interest rate used for discounting the liabilities and the hedged interest rate could render the hedge ineffective and expose the Group to unexpected losses and volatility in results. For example, based on management estimates as at 31 December 2015, either a 1% increase or decrease in the interest rate including the UFR would have been expected to have an effect of +5 percentage points on the Solvency II ratio. The Group also monitors the Solvency II ratio excluding UFR. For more information, see "Operating and Financial Review—Capital Requirements—Solvency II" and "The Group's Consolidated Financial Statements as of and for the Year Ended 31 December 2015—Risk Management".

In addition, the Group has adopted an interest rate risk management policy aimed at reducing the volatility of the Solvency II ratio, and monitors its interest rate risk on a monthly basis. Although the Group's interest rate policy is aimed at reducing the sensitivity of the Solvency II ratio, in a low interest rate environment it may lead to increased sensitivities of the Solvency II ratio excluding UFR which may result in a decrease of the Group's Solvency II ratio. Reducing the interest rate sensitivity of the Solvency II ratio including UFR implies that the UFR is incorporated in the interest risk hedge and will result in a different interest rate sensitivity of the Solvency II ratio excluding UFR. Given the current low interest rates, the Solvency II ratio sensitivities excluding UFR will generally be higher and more volatile than the Solvency II ratio sensitivities including the UFR. A decrease in the Solvency II ratio excluding UFR, triggered by declining interest rates or otherwise, could materially and adversely affect the Group's ability to implement its business plan or distribute capital, and may require the Group to take remedial action.

Sustained low interest rate levels have had, and could continue to have, a material adverse effect on the Group's business, revenues, results and financial condition. Interest rates used under Solvency II to value technical provisions could be higher than realised investment returns due to the application of the UFR. EIOPA could lower the UFR to be closer to actual rates with an immediate negative impact on own funds through the increase of the required Solvency II technical provisions.

5. ***Rising interest rates could reduce the value of fixed-income investments held by the Group, increase policy lapses and withdrawals, and increase collateral requirements under the Group's hedging arrangements, which could have a material adverse effect on the Group's business, revenues, results and financial condition***

If interest rates rise, the value of the Group's fixed income portfolio may decrease. Additionally, the Solvency II technical provisions may decrease, but due to the obligatory use of the UFR, the change in the Solvency II technical provisions may not offset the decrease in the value of fixed-income investments. Furthermore, rising interest rates could cause third parties to require the Group to post collateral in relation to its interest rate hedging arrangements. In periods of rising interest rates, policy lapses and withdrawals may increase as policyholders may believe they can obtain a higher rate of return in the

market place (see "—23. Incorrect assumptions used in pricing products, establishing provisions and reporting business results could have a material adverse effect on the Group's business, revenues, results and financial condition). In order to satisfy the resulting obligations to make cash payments to policyholders, the Group may be forced to sell assets at reduced prices and thus realise investment losses.

In the case of unit linked policies, an increase in withdrawals would result in a decrease in the Group's assets under management ("**AuM**"), which would result in reduced fee income as the Group's fee income is typically linked to the value of the AuM. This would in turn reduce profitability and could adversely affect the Group's ability to implement its business plan or distribute capital. See "The Group's Consolidated Financial Statements as of and for the Year Ended 31 December 2015—Risk Management" for Solvency II sensitivity with respect to lapses, expenses and mortality for the life insurance portfolio.

The occurrence of any of the risks set out above could have a material adverse effect on the Group's business, revenues, results and financial condition.

CREDIT AND CONCENTRATION RISK

6. *The Group's business, revenues, results and financial condition are exposed to changes in legislation applicable to the housing market in the Netherlands and the Group's residential retail and commercial mortgage portfolio is exposed to the risk of default by borrowers and to declines in real estate prices*

With a view to decreasing house prices and reducing the volume of houses sold in the Dutch residential mortgage market, various restrictions have been introduced in the Netherlands with respect to mortgage lending and the tax treatment of the mortgage loans. These restrictions may reduce the size of and income earned from the Group's total mortgage portfolio significantly.

One of the restrictions regards mortgage loans with the benefit of a government guarantee (*Nationale Hypotheekgarantie*, "**NHG**"). The maximum loan amount for mortgage loans, which receive the benefit of a government guarantee, has been reduced to €245,000 as of 1 July 2015. Furthermore, the maximum loan amount for each mortgage loan which receives the benefit of a government guarantee will, on a monthly basis as from origination, be reduced by an amount which is equal to the amount of the monthly repayments plus interest as if that mortgage loan were to be repaid on a thirty-year annuity basis. Also the maximum amount of a mortgage loan has been limited. From 1 January 2015 the maximum allowed amount of a mortgage loan in relation to the value of the property will reduce by 1% point per year to 100% as of 1 January 2018. The restrictions on the government guarantee and lowering of the loan-to-value ("**LTV**") ratio are expected to put further downward pressure on the total outstanding volume of mortgage loans in the Netherlands which could decrease the size of the mortgage portfolio of the Group or the amount of government guaranteed mortgages originated by the Group. The Group's mortgage portfolio consists of, as compared to other lenders, a relatively large proportion of government guaranteed mortgages.

Furthermore, in recent years, restrictions have become applicable to the tax deductibility of mortgage loan interest payments in the Netherlands. Traditionally, the Dutch tax system allows customers to deduct, subject to certain limitations, mortgage loan interest payments for owner-occupied residences from their taxable income (for a maximum of 30 years). As of 1 January 2013, interest deductibility in respect of mortgage loans originated after 1 January 2013 is only available in respect of mortgage loans which amortise over 30 years or less and are repaid on at least an annuity basis. Also, as from 1 January 2014, the tax rate against which the mortgage loan interest payments may be deducted will gradually reduce. For taxpayers in the highest income tax rate bracket, the amount of interest which is deductible will be reduced by 0.5% per year as of 2014 (i.e. 51% in 2015) until the deduction is equal to 38% of the assessed tax amount in 2042.

The increasing restrictions applicable to the mortgage lending and the tax treatment of the mortgage loans may, among other things, have a material adverse effect on new origination, house prices and the rate of economic recovery and may result in an increase of defaults or higher prepayment rates. Also, borrower payment disruptions, e.g. in case of annuity mortgage loans, due to gradually increasing principal payments, or as a result of increasing interest rates (at future reset dates), may have a material adverse effect on the rate of economic recovery of the mortgage loans which would have a negative effect on the Group's large mortgage portfolio. During 2015, the mortgage portfolio increased by 18%, mainly due to new loan originations.

As at 31 December 2015, the Group's mortgage loan portfolio amounted to €6,537 million, with 62% government guaranteed mortgages and 18% of mortgages with an LTV below 75% (see also "Business—

Investments”). The table below shows the LTV (collateral indexed) of the mortgage portfolio of the Group at 31 December 2015.

	Amount (in € millions)	Percentage
Mortgage with NHG	4,050	62%
Mortgage < 75% Loan to value (indexed)	1,163	18%
Mortgage < 100% Loan to value (indexed)	575	9%
Mortgage < 125% Loan to value (indexed)	677	10%
Mortgage > 125% Loan to value (indexed)	72	1%
Total	**6,537**	**100%**

The Group is exposed to the risk of default by borrowers under these mortgage loans. Borrowers may default on their obligations due to bankruptcy, lack of liquidity, downturns in the economy generally or declines in real estate prices, operational failure, fraud or other reasons. The value of the secured property in respect of these mortgage loans is exposed to decreases in real estate prices, arising for instance from downturns in the economy generally, oversupply of properties in the market, and changes in tax regulations related to housing (such as the decrease in the deductibility of interest on mortgage payments). Furthermore, the value of the secured property in respect of these mortgage loans is exposed to destruction and damage resulting from floods and other natural and man-made disasters. Damage or destruction of the secured property also increases the risk of default by the borrower. For the Group, all of these exposures are concentrated in the Netherlands because the mortgage loans have been advanced, and are secured by commercial and residential property, in the Netherlands.

For the purposes of available (regulatory) capital of the insurance business, mortgage loans are valued at fair market value and are therefore exposed to interest rate, prepayment, credit spread and credit default risk. For instance, the model valuation of mortgage loans includes spreads observed in the markets for newly issued mortgage loans. If these spreads increase, the modelled value of the mortgage loans will decrease, which may result in losses under IFRS (if the market value declines result in impairments) and will cause decreases in the Group’s available (regulatory) capital. Furthermore, if economic conditions in the Netherlands deteriorate (including due to increases in unemployment and property price declines), the fair value of the Group’s mortgage loan portfolio may decrease. An increase of defaults, or the likelihood of defaults under, the Group’s mortgage loans, or a decline in property prices in the Netherlands, has had, and could have, a material adverse effect on Group’s business, revenues, results and financial condition.

The Group’s savings-linked product portfolio includes both contracts linked to mortgages originated by the Group, as well as contracts linked to mortgages originated by third parties. For savings-linked products linked to mortgages originated by third parties (and not transferred to the Group), the mortgage loan is not reflected on the Group’s balance sheet. When the Group sells a savings-linked product linked to a mortgage originated by a third party, it generally enters into a loan arrangement with that third party with a nominal value equal to the value of the savings-linked contract and at an interest rate linked to the interest rate of the underlying mortgage. As of 31 December 2015, the amortised cost of this loan portfolio amounted to €2,800 million. In respect of approximately 63% of the loan portfolio, the counterparties are special purpose vehicles. Although the Group tries to limit its credit risk to third parties through various measures including collateral arrangements and cession-retrocession agreements with its counterparties, the Group remains exposed to credit risk with regard to 25% of the portfolio (for which the Group has entered into a cession-retrocession agreement). Changes in the value of the collateral underlying the loan portfolio or changes in creditworthiness of the Group’s counterparties and customers in respect of this portfolio or their ability to make payments in a timely manner may materially and adversely affect the Group’s business, revenues, results and financial condition.

7. *The Group is exposed to financial risks such as credit risk, default risk and risks concerning the adequacy of its credit provisions, any of which could have a material adverse effect on its business, revenues, results and financial condition*

Credit risk refers to the potential losses incurred by the Group as a result of debtors not being able to fulfil their obligations when due, or a perceived increased likelihood thereof. Losses incurred due to credit risk include actual losses from defaults, market value losses due to credit rating downgrades and/or spread widening, or impairments and write-downs. The Group is exposed to various types of general credit risk, including spread risk, default risk and concentration risk. Third parties, including sovereigns and financial institutions, that owe the Group money, securities or other assets may not pay or perform under their

obligations. These parties may include customers, the issuers whose securities are being held by the Group (including sovereigns), trading counterparties, counterparties under swaps and other derivative contracts, clearing agents, exchanges, clearing houses, and other financial intermediaries as well as insurance intermediaries. These parties may default on their obligations to the Group due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

The business of the Group is also subject to risks that have an impact on the adequacy of its credit provisions. These provisions relate to the possibility that a counterparty may default on its obligations to the Group which arise from financial transactions. Depending on the actual realisation of such counterparty default, the credit provisions may prove to be inadequate. If future events or the effects thereof do not fall within any of the assumptions, factors or assessments used by the Group to determine its credit provisions, these provisions could be inadequate.

The Group is also exposed to concentration risk, which is the risk of default by counterparties or investments in which it has taken large positions. A single default of a large exposure could, therefore, lead to a significant loss for the Group. More insight into this risk can be provided by explaining the single obligor limits of the Group, which are part of the Group's investment framework. The single obligor limits, which are set in accordance with Solvency II guidelines, apply to the total investment portfolio and cap the total exposure per counterparty name. The Group applies a limit on maximum exposure of €700 million for counterparties with a single A rating or higher and €350 million for counterparties with a BBB rating. The concentration risks are monitored on a monthly basis; as at 31 March 2016 all exposures were well within the limits set by the Group. Although the single obligor limits mitigate concentration risk to a certain degree, default by one or more counterparties or investments in which the Group has taken large positions could have a material adverse effect on the value of the Group's assets and on the Group's business, revenues, results and financial condition.

8. ***The Group is exposed to counterparty risk in relation to other financial institutions, sovereigns and other counterparties. Deteriorations in the financial soundness of other financial institutions, sovereigns and other counterparties may have a material adverse effect on the Group's business, revenues, results and financial condition***

Due to the nature of the global financial system, financial institutions such as the Group are interdependent as a result of trading, counterparty and other relationships. Other financial institutions with whom the Company or its subsidiaries conducts business act as counterparties to the Group in such capacities as borrowers under loans, issuers of securities, customers, banks, reinsurance companies, trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing agents, exchanges, clearing houses, brokers and dealers, commercial banks, investment banks, mutual and hedge funds and other financial intermediaries. In any of these capacities, a financial institution acting as a counterparty may not meet its obligations due to, among other things, bankruptcy, lack of liquidity, market downturns or operational failures, and the collateral or security it provides may prove inadequate to cover its obligations at the time of the default. The interdependence of financial institutions means that the failure of a sufficiently large and influential financial institution, or a sovereign, due to disruptions in the financial markets could materially disrupt securities markets or clearance and settlement systems in the markets. This could cause severe market declines or volatility. Such a failure could also lead to a chain of defaults by counterparties that could have a material adverse effect on the Group. This risk, known as "systemic risk", could adversely impact future product sales as a result of reduced confidence in the insurance and banking industries. It could also reduce results because of market declines and write-downs of assets and claims on third parties. Despite increased focus by regulators around the world on systemic risk, this risk remains part of the financial system in which the Group operates and dislocations caused by the interdependency of financial market participants could have a material adverse effect on its business, revenues, results and financial condition.

GENERAL RISKS RELATING TO THE GROUP'S BUSINESS

9. ***If the Group is unable to successfully implement its strategy, or if the Group's strategy does not yield the anticipated benefits, this may have a material adverse effect on the Group's business, revenues, results and financial condition and the Group may not achieve its targets. If one or more of the assumptions that the Group has made in setting its targets are inaccurate, the Group may be unable to achieve one or more of its targets***

The Group's strategy aims to meet customer needs, demonstrate pricing and underwriting discipline, operate in a cost effective manner and maintain a cash generative business model as a basis for a sustainable business. As part of its strategy, the Group intends to pay annually an ordinary dividend in line with the Group's medium- to long-term financial performance. For the financial year ended 31 December 2016, the Company intends to declare a dividend of €175 million, which is to be paid in 2017. This dividend payment is discretionary and not based on the dividend policy that the Company intends to apply from 2017 and beyond. From 2017, the Company intends to have a dividend policy with an ordinary pay-out ratio of 45% to 55% of net operating result attributable to shareholders (i.e. net of hybrid costs). See for more information "Business—Strengths and Strategy—Strategy" and "Dividend Policy". The strategy and targets of the Group are based on assumptions and expectations, including but not limited to macroeconomic developments, interest rates, revenue, expenses and cost of risk, that may not prove to be valid. Also, the benefits and impact of the Group's strategy could fall short of what the Group envisages. In addition, the Group may not succeed in achieving its targets, because of insufficient management attention, incorrect decisions or choices, inefficiencies or other reasons.

Furthermore, should the opportunity arise, the Group may strive to achieve its strategy through joint ventures, alliances, acquisitions and/or divestments of businesses, operations, assets and/or entities and has recently made a number of acquisitions and divestitures (see "Business—Group Structure; Recent Acquisitions and Disposals"). Under the Group's current acquisition policy, acquisitions must meet internal hurdle rates (such as return on equity ("**ROE**") targets) and are assessed based on other factors such as the potential for sufficient scale, scope and/or strategic benefit. Opportunities for acquisitions, joint ventures, alliances, or investments may not arise, or, if they do, the Group may not be able to value the transaction properly or complete the contemplated transaction on acceptable terms or at all. Acquisitions and divestment transactions may divert management attention and involve complexities and time delays, for example, in terms of integrating and/or merging businesses, operations and entities, and targeted benefits may therefore not be achieved or be delayed. Future acquisitions could also require the issuance of equity, which would have a dilutive effect on the ownership and voting percentages of the Company's shareholders. Any failure by the Group to properly value or complete transactions could harm the Group's profitability and financial position.

In addition, the Group intends to continue to explore and pursue opportunities to strengthen and grow its business, including through the expansion of its third-party asset management business, which may involve the launch of new products. When seeking to expand its business, the Group may incur risks that may be material including, among other things, the risks described in the paragraph below.

The Group may need to spend substantial time, money and other resources developing new products and services or improving offerings, such as in relation to third-party asset management, capital light pension solutions, commercial insurance for P&C (specifically towards mid-sized corporates) and cross-selling initiatives. If these products, services or improved offerings are not successful, not as innovative as envisaged or not sufficiently tailored to customer needs, the Group may miss a potential market opportunity and will not be able to offset the costs of such initiatives, which may have a materially adverse effect on the Group's income, revenues and/or cost base. Furthermore, the Group may develop new products and services that are not or are not sold in compliance with applicable rules or regulations. The Group may incur losses, fines, claims, regulatory action and reputational damage as a result thereof. The Group may enter or increase its presence in markets that already possess established competitors who may enjoy the protection of barriers to entry. The Group may offer new products and services, or improve products and services being offered, which may require substantial time and attention of its management team, which could prevent the management team from successfully overseeing other initiatives. The Group may become subject to new or stricter regulatory requirements, or the supervision by new supervisory authorities or existing supervisory authorities may increase its administrative, operational and management expenses (including management attention and time) to comply with such new or stricter requirements and supervision. Finally, the Group may not be able to identify new business opportunities.

The Group may be required to spend substantial time, money and other resources to improve operational and administrative processes, including with respect to the rationalisation of the number of administrative systems, the implementation of information and communications technology ("**ICT**") solutions in order to improve the robustness of systems and reduce the fixed proportion of the cost base, and to increase services to customers in order to improve customer satisfaction and retention rates. If these initiatives are not successful or are less successful than envisaged, the Group may not be able to achieve its targets and may not be able to offset the costs of such initiatives, which may have a materially adverse effect on the Group's income, revenues and/or cost base. See "—34. The Group is dependent in part on the continued performance, accuracy, compliance and security of third party service providers who provide certain critical operational support functions to the Group. Inadequate performance by these service providers could result in reputational harm and increased costs, which could have a material adverse effect on the Group's business, revenues, results and financial condition".

If the Group's strategy is not implemented successfully, including its plans to improve its position in the intermediary distribution channel (see "—12. The Group relies on its network of intermediaries in the Netherlands to sell and distribute many of its products and may not be able to maintain a competitive distribution network"), or if the Group's strategy does not yield the anticipated benefits, this could have a material adverse effect on the Group's business, revenues, results and financial condition and the Group may be unable to achieve its targets. The ability to successfully implement the Group's strategy will also be impacted by factors such as general economic and business conditions, many of which are outside the control of the Group. If one or more of the assumptions that the Group has made in setting its targets are inaccurate, or if one or more of the risks described in this section or an unforeseen risk occurs, the Group may be unable to achieve one or more of its targets.

10. ***Sales of life insurance products in the Netherlands have been declining since 2008. Further declines in sales volumes could, over time, lead to a further decline of the Group's life insurance portfolio and, if the Group is unable to adjust its cost base, have a material adverse effect on the Group's business, revenues, results and financial condition***

The Group's life insurance business is shrinking and in recent years the Group has reduced its product offerings in respect of life insurance. More generally, sales of life insurance products in the Netherlands have declined significantly since 2008; the total market for life insurance products decreased from €26.4 billion gross written premiums ("**GWP**") in 2008 to €17.5 billion in 2014 (*source: DNB*). Additionally, there has been a decline in intermediaries selling individual life products. When stock markets began to decline commencing in 2006, unit-linked products became less attractive due to their lower returns for policyholders. These lower returns triggered a discussion on costs and cost transparency issues and resulted in negative publicity and litigation. See "Business—Legal Proceedings" and "—41. Holders of the Group's products where the customer bears all or part of the investment risk, or consumer protection organisations acting on their behalf, have filed claims or proceedings against the Group and may continue to do so. This litigation and/or actions taken by regulators or governmental authorities against the Group or other insurers in respect of these products (including unit-linked life insurance products), settlements, collective or otherwise, or other actions taken by other insurers and sector-wide measures could substantially affect the Group's insurance business and, as a result, may have a material adverse effect on the Group's business, reputation, revenues, results, solvency and financial condition". In its sector-wide investigation report of 2008, the AFM estimated that in the Netherlands, in total, up to and including 2005, approximately 7.2 million individual unit-linked retail policies had been sold, while volumes of such policies sold decreased rapidly thereafter due to the negative publicity associated with them. Legislative changes introduced in 2008 have enabled banks to offer bank annuity products that compete with life insurance products and benefit from the same tax efficiency as mortgage or pension-related individual life insurance products. Since 2013, the sale of new bank annuity products has started to decline due to the fact that mortgage products are now mainly linear or annuity mortgage products, limiting the need for bank savings products. Further declines in such sales volumes, in particular if the Group is unable to reduce costs in line with any such decline in life insurance portfolios, including by increasing the share of variable expenses while lowering fixed costs, or to maintain the retention rate of existing customers, could lead to a further decline of its life insurance portfolio and have a material adverse effect on the Group's business, solvency condition, revenues, results and financial condition. For additional information see "Business—Business Segments—Life Segment" and "Industry Overview—Life Insurance Markets".

11. ***The Group operates in a changing environment and faces significant competition from other insurers and non-insurance financial services companies such as banks, independent insurance brokers and asset managers, as well as new entrants that offer the same or similar products and services. Changes in customer behaviour, technology and regulation may lead to negative volume developments based on different business models if the Group is unable to adapt successfully***

There is substantial competition in the financial services industry based principally on price, product features, commission structures, financial strength, claims-paying ability, ratings, administrative performance, support services and name recognition. The Group faces intense competition from a large number of insurance companies and non-insurance financial services companies such as banks, broker-dealers and asset managers, regarding the delivery of products to individual customers, pension funds and intermediaries. The Dutch insurance markets are mature and a substantial portion of the addressable market is already served by one or more companies, which limits the organic growth potential of insurance companies in the Netherlands. In addition, some of the Group's competitors may have greater financial, technical and operating resources, lower capital requirements or have more established and diversified operations in terms of product range, distribution channels and geographic spread or offer alternative products, more efficient service delivery or more competitive pricing than the Group. The recent economic downturn has resulted in important changes in the competitive landscape in which the Group operates including increased consolidation, and further changes can be expected. An increased level of consolidation could enhance the competitive position of some of the Group's competitors by broadening their product and services ranges and increasing their distribution channels and their access to capital. The developments described above, if they occur, may put the Group's margins (profitability and solvency) and premium income under pressure (see "—12. The Group relies on its network of intermediaries in the Netherlands to sell and distribute many of its products and may not be able to maintain a competitive distribution network"). If any of the Group's competitors were to realise one or more of these advantages, it would put additional pressure on the Group's margins.

At the same time, changes in customer behaviour, changes in customer demand (and the shrinking insurance market, particularly the life insurance market, in the Netherlands), technological changes, including those affecting the distribution channels, regulatory changes, including with respect to capital requirements, and other factors also affect competition and will require the Group to adapt. In addition, the current market is characterised by extensive competition and by growing customer attention to prices. This pressure can manifest itself in an increase in non-life policy cancellations, loss of retention in the life business, a drop in sales of new insurance contracts and limited scalability of departments. Consumer demand, technological changes, regulatory changes and actions and other factors also affect competition. Generally, the Group could lose market share, incur losses on some or all of its activities and experience lower growth, if it is unable to offer competitive, attractive and innovative products and services that are also profitable, does not choose the right product offering or distribution strategy, fails to implement such a strategy successfully or fails to adhere or successfully adapt to such demands and changes.

Regulatory changes can also open up new areas of competition in the Netherlands. One of the most recent changes in the Netherlands is that both pension funds and insurance companies are permitted to start general pension funds ("**APF**"s), opening a sector of the pension market to insurers. Any further regulatory changes resulting in pension funds being allowed to service markets currently primarily serviced by insurance companies could further alter competitive positions as the pension funds have strong, recognised brands that are synonymous with reliability, trustworthiness and financial stability. In addition, the pension schemes of many pension funds are executed by financial and insurance companies which these pension funds own or closely cooperate with. This means that pension funds could also provide these closely related financial institutions and insurance companies with easy access to a large number of participants and pensioners. Furthermore, pension funds are not subject to the same prudential supervision and solvency restrictions as insurance companies (Financial Assessment Framework (*Financieel Toetsingskader*) for pension funds and Solvency for insurance companies.) On 27 March 2014, the European Commission ("**EC**") adopted a legislative proposal for an amendment of the Institutions for Occupational Retirement Provision Directive ("**IORP Directive**"), which includes proposals to align the supervisory requirements for pension funds and insurance companies. It is currently unknown whether the IORP Directive will be revised and, if so, what the implementation deadline will be for the Member States.

Over the last decade, online retail spending has increased rapidly. In the Netherlands, total online spending rose from about €3 billion in 2005 to about €16 billion in 2016 (*source: CBS and Thuiswinkel.org*). In total, this represents 8.9% of all consumer spending on products (*source: CBS and Thuiswinkel.org*). The impact of the increasing demand for online retail services and products differs per sector, but if online

sales continue to grow rapidly in the future this could lead to a decreased demand for brick-and-mortar retail facilities, which could negatively impact the value of the Group's retail real estate portfolio.

If the Group does not manage to respond quickly and adequately to changes in customer behaviour, technology and regulation, for example by entering new or growing existing successful business lines, then the Group's business might shrink and become less profitable. Generally, the Group could lose market share, incur losses on some or all of its activities and experience lower growth, if it is unable to offer competitive, attractive and innovative products and services that are also profitable, if it does not choose the right product offering or distribution strategy, if it fails to implement such a strategy successfully or fails to adhere or successfully adapt to consumer demands and changes as well as regulatory demands and corresponding costs.

In addition, the Group's competitive position could be materially adversely impacted if it is unable to reduce and/or control its operating expenses, and as a result it is unable to follow the market in offering lower prices, causing its products to lose their competitiveness. Any increase in competition could result in increased pressure on product pricing and commissions on a number of products, which could, in turn, have a material adverse effect on the Group's results and harm its ability to maintain or increase its market share.

12. *The Group relies on its network of intermediaries in the Netherlands to sell and distribute many of its products and may not be able to maintain a competitive distribution network*

The Group relies primarily on intermediaries for distribution of products in the small- or medium-sized enterprise ("**SME**") market. In the retail segment, customers' preferences are shifting to online distribution, for which the Group has positioned Ditzo (through which the Group sells Health and Property and Casualty ("**P&C**") insurance). Even taking into account this shift towards online distribution, the majority of the products and services of the Group continues to be distributed through its network of intermediaries (both insurance as well as banking and savings products).

Advisers and mandated brokers in the Netherlands are independent of the Group. In addition, the Group does not have exclusivity agreements in place with Dutch intermediaries so intermediaries are free to offer products from other insurance companies as well, and there is no obligation for them to give precedence to the Group's products. An intermediary assesses which companies are suitable for its customers by considering, among other things, price, the security of investment and prospects for future investment returns in the light of a company's product offering, past investment performance, financial strength and perceived stability, ratings, the amount of initial and recurring sales commission and fees paid by a company and the quality of the service provided to the intermediary. An unsatisfactory assessment by an intermediary of the Group and its products based on any of these or other factors could result in the Group generally, or in particular certain of its products, not being actively marketed by intermediaries to their customers in the Netherlands. Because the use of mandated brokers and service providers has recently increased in the Dutch market, most importantly for P&C, followed by Disability, the Group is more exposed to the risk that these intermediaries will take their business to other insurers.

On 1 January 2013, new legislation on the prohibition of commissions for intermediaries for complex financial products like life insurance, pensions, mortgages and occupational disability insurance came into force. There is a possibility that further cancellation of commissions and bonuses for intermediaries will be introduced in the future. Such developments may lead to unrest and uncertainty for the intermediaries and in such circumstances they will have to adapt their business models quickly. The risk for the Group is that its intermediaries may no longer be viable and overall activity levels and portfolio size could significantly decrease.

Developing technologies are accelerating the introduction and prevalence of alternative distribution channels, particularly the internet. Such alternative distribution channels may also increase the possibility that new competitors whose competencies include the development and use of these alternative distribution channels may enter the markets in which the Group operates. For instance, relative to more traditional distribution channels, the sale and distribution of non-life insurance products through comparative price websites has increased. It is possible that the Group may experience a similar trend in relation to the sale and distribution of life insurance products. Although the Group has strategies in place to benefit from such alternative distribution channels, including through Ditzo, it may not be able to obtain or maintain a competitive share of these distribution channels and its overall market share and competitive position may decrease as a result. Moreover, the Group is not able to accurately predict the extent to which such alternative distribution channels will replace or otherwise impact traditional distribution channels

(such as intermediaries), or what effect this may have on the Group's business. A decline in the use of the intermediary channel could affect the Group's ability to distribute its products as well as the operations of its Distribution and services segment, including Van Kampen Groep Holding B.V. and its subsidiaries (collectively, "**VKG**") and Dutch ID B.V. and its subsidiaries (collectively "**Boval**"). For additional information, see "Industry Overview" and "Business".

Among other factors, regulatory changes and the accelerating introduction of alternative distribution channels, methods and platforms, including future changes in the intermediaries market structure, are also blurring the boundaries between several markets in which the Group operates (including the insurance, investment management and banking markets). This has led, and may continue to lead, to increased competitive pressures within these markets. Although this may also present new opportunities for the Group, those opportunities may require expertise and experience that the Group may not have, or may not be able to timely develop or procure. As a result, the Group may not succeed in defending its competitive position, or may not succeed in exploiting such new opportunities, each of which may have a material adverse effect on its business, revenues, results and financial condition.

A failure by the Group to maintain a competitive distribution network could have a material adverse effect on the Group's business, revenues, results and financial condition.

13. ***The Group's business, revenues, results and financial condition are exposed to mandated brokers***

The Group has outsourced part of its acceptance, administration and claims handling processes to mandated brokers. The Group's contracts with mandated brokers generally can be terminated annually as of 1 January of the upcoming year with four months' notice by either party or immediately for serious cause. Mandated brokers are required to comply with terms and to act within limits specified in bilateral agreements, compliance with which is periodically monitored by the Group. Non-compliance may lead to the above-mentioned processes not being up to Group standards. Possible examples are acceptance of bigger than average risks and claims "leakage". Furthermore, mandated brokers may decide to move part or all of their policies insured at the Group to another insurer. These developments, if they occur, could have a material adverse effect on the Group's business, revenues, results and financial condition.

14. ***The Group may not be able to protect its intellectual property rights, and may be subject to infringement claims by third parties, which may have a material adverse effect on the Group's business, revenues, results and financial condition***

In the conduct of its business, the Group relies on copyright, trademark, trade name, patent and other intellectual property rights laws to establish and protect its intellectual property. The Group may not be able to obtain adequate protection for all of its intellectual property in all relevant territories, and third parties may infringe or misappropriate the Group's intellectual property. The Group may have to litigate to enforce and protect its copyrights, trademarks, trade names, patents, trade secrets and know-how or to determine their scope, validity or enforceability. In that event, the Group may be required to incur significant costs, and the Group's efforts may not be successful. The inability to secure or protect intellectual property could have a material adverse effect on the Group's business and its ability to compete.

The Group may also be subject to claims by third parties relating to intellectual property including for (a) infringement of intellectual property rights, (b) breach of copyright, trademark or licence usage rights or terms of settlement or co-existence agreements, or (c) misappropriation of trade secrets. Any such claims and any resulting litigation could result in significant expense and liability for damages. If the Group were found to have infringed or misappropriated a third-party patent or other intellectual property right, the Group may in some circumstances be enjoined from providing certain products or services to its customers or from utilising and benefiting from certain methods, processes, copyrights, trademarks, trade names, trade secrets or licences. Alternatively, the Group may be required to enter into costly licensing arrangements with third parties or to implement an alternative, which may prove costly. Any of these scenarios could have a material adverse effect on the Group's business, revenues, results and financial condition.

MARKET RISKS RELATING TO THE GROUP'S BUSINESS

15. *The Group's investment management business is complex and a failure to properly perform asset management services could have a material adverse effect on the Group's business, revenues, results and financial condition*

The Group's investment management and related activities include, among other things, portfolio management, investment advice, fund administration and fiduciary services. In order to be competitive, the Group must properly perform its administrative, asset management and related responsibilities, including recordkeeping, accounting, valuation, corporate actions, compliance with investment guidelines and restrictions, daily net asset value computations, account reconciliations, use of derivatives for hedging and required distributions to fund shareholders. For investments held for the Group's own account, the Group has issued mandates in respect of equities (US and emerging markets), fixed income and alternative investments (private equity) to third parties. As at 31 December 2015, these mandates issued to third parties in relation to investments held for the Group's own account comprised €862 million of AuM (€508 million of equities, €278 million of fixed income and €76 million of alternative investments). Furthermore, investments on behalf of policyholders and investments in relation to a number of pension contracts are managed by external asset managers. Failure by the Group to properly perform and monitor its investment management operations could lead to, among others, investments being made in breach of the mandates given by customers, poor investment decisions and poor asset allocation, the wrong investments being bought or sold or the incorrect monitoring of exposures as well as possible erosion of the Group's reputation or liability to pay compensation, existing customers withdrawing funds and potential customers not granting investment mandates, which could lead to a decrease in fee income. If the Group is able to grow its asset management business at the rate it currently intends, its exposure to these risks, and therefore also the risk of reputational damage and third-party claims, may increase. Any such failure could have a material adverse effect on the Group's business, revenues, results and financial condition. See also "—9. If the Group is unable to successfully implement its strategy, or if the Group's strategy does not yield the anticipated benefits, this may have a material adverse effect on the Group's business, revenues, results and financial condition and the Group may not achieve its targets. If one or more of the assumptions that the Group has made in setting its targets are inaccurate, the Group may be unable to achieve one or more of its targets".

The Group is also exposed to risks associated with the management of investments which might lead to a material loss for one or more of its customers (including third-party customers, as well as the Group's life assurance and pensions business). For example, failure to define properly the investment remit applicable to customer assets as a result of unclear agreed guidelines or inaccurate recording of customer communications could lead to investments being made in breach of the mandate given by customers. Similarly, failure to manage the investment process could lead to poor investment decisions and poor asset allocation, the wrong investments being bought or sold or the incorrect monitoring of exposures, as well as a possible erosion of the Group's reputation or liability to pay compensation. Failures of this nature could also lead to existing customers withdrawing funds and potential customers not granting investment mandates, which could have a material adverse effect on the Group's business, revenues, results and financial condition.

16. *Investment underperformance of the Group's AuM may cause existing customers to withdraw funds, affecting the investment fees of the Group, and cause potential customers not to grant investment mandates*

As of 31 December 2015 the Group had €42.8 billion of investments and €7.9 billion of investments on behalf of policyholders (total AuM €50.7 billion). When buying investment products or selecting an investment manager, customers (including pension funds and intermediaries) typically consider, among others, the historic investment performance of the product and management of the particular fund. This also holds true in relation to certain investment products sold by the Group's life insurance and pension businesses. In the event that the Group does not provide satisfactory or appropriate investment returns, underperforms in relation to its competitors, does not sell an investment product which a customer requires or loses its key investment managers, existing customers may decide to reduce or liquidate their investment or, alternatively, transfer their mandates to another investment manager impacting the investment fees of the Group. In addition, potential customers may decide not to grant investment mandates. Any of these developments, if they materialise, could have a material adverse effect on the Group's business, revenues, results and financial condition.

17. *The Group's hedging programmes may prove inadequate or ineffective for the risks they address, which could have a material adverse effect on the Group's business, revenues, results and financial condition*

The Group employs hedging programmes with the objective of mitigating risks inherent in its business and operations. These risks include current or future changes in the fair value of the Group's assets and liabilities, current or future changes in cash flows, the effect of interest rates, equity markets and credit spread changes, the occurrence of credit defaults, and currency exchange fluctuations. As part of its risk management strategy, the Group employs hedging programmes to manage these risks by entering into derivative financial instruments, such as swaps, swaptions, options, futures and forward contracts.

Developing an effective strategy for dealing with the risks described above is complex, and no strategy can completely protect the Group from such risks. Each of the Group's hedging programmes is based on financial market and customer behaviour models using, amongst others, statistics, observed historical market and customer behaviour, underlying fund performance, insurance policy terms and conditions, and the Group's own judgement, expertise and experience. These models are complex and may not identify all exposures, may not accurately estimate the magnitude of identified exposures, or may not accurately determine the effectiveness of the hedge instruments, or fail to update hedge positions quickly enough to effectively respond to market movements. Furthermore, the effectiveness of these models depends on information regarding markets, customers, fund values, the Group's insurance portfolio and other matters, each of which may not always be accurate, complete, up-to-date or properly evaluated. Hedging programmes also involve transaction and other costs, and if the Group terminates a hedging arrangement, it may be required to pay additional costs, such as transaction fees or breakage costs. The Group may incur losses on transactions after taking into account hedging strategies. Although the Group has developed policies and procedures to identify, monitor and manage risks associated with these hedging programmes, the hedging programmes may not be effective in mitigating the risk that they are intended to hedge, particularly during periods of financial market volatility.

Furthermore, the derivative counterparty in a hedging transaction may default on its obligations. Although it is the Group's policy to fully collateralise derivative contracts, and differences in market value of the collateral are settled between the relevant parties on a daily basis, it is still exposed to counterparty risk. For instance, in the case that a counterparty defaults the Group will have no more hedging position in place. It will take time to reinstate the hedging positon while in the meantime the market may move in an unfavourable way for the Group.

The Group's inability to manage risks successfully through derivatives (including a single counterparty's default and the systemic risk that a default is transmitted from counterparty to counterparty) could have a material adverse effect on the Group's business, revenues, results and financial condition.

18. *The Group's exposure to fluctuations in the equity, fixed income and property markets could result in a material adverse effect on its returns on invested assets, including assets in its investment portfolio, or its solvency position*

The returns on the Group's investments are highly susceptible to fluctuations in equity, fixed income and property markets. As at 31 December 2015, the Group's own risk investment portfolio amounted to €42.8 billion, of which 50.8% consisted of fixed income securities, 7.4% equity investments and 6.6% property investments, the remainder being cash holdings, reinsurance receivables and other debtors (see "Business—Investments"). The Group bears all the risk associated with its own investments. Fluctuations in the equity, fixed income and property markets affect the Company's profitability, capital position and sales of equity related products. A decline in any of these markets will lead to a reduction of unrealised gains in the asset or result in unrealised losses and could result in impairments. Any decline in the market values of these assets reduces the Group's solvency, which could materially adversely impact the Group's financial condition and the Group's ability to attract or conduct new business.

The value of the Group's own risk fixed income portfolio could be affected by changes in the credit rating of the issuer of the securities as well as by liquidity generally in the bond markets and level of interest rates. When the credit rating of the issuer of the debt securities falls, the value of the fixed income security may also decline.

As at 31 December 2015, the Group's own risk equity portfolio was €3,180 million. The equity portfolio is diversified across Europe and the Netherlands and a limited part consists of investments in the United States and emerging markets. The portfolio is diversified by sectors. The Group is exposed to concentration risk in a small part of its equity portfolio. As at 31 December 2015, the Group had €0.4 billion of its equity portfolio invested in stakes over 5% of the total outstanding share capital in Dutch companies. The Group's largest equity exposure as at 31 December 2015 was its stake in Unilever. A portion of the downside risk of the equity portfolio is hedged with put options. As at 31 December 2015 the underlying value of the put options was €885 million.

As at 31 December 2015, the Group's property portfolio (excluding property funds), which is held at own risk, was valued at €2.8 billion (€2,667 million of investment property and €155 million of land and buildings for own use), divided into rural 40.9%, residential 24.0%, offices 6.2%, retail 21.4%, property occupied by the Group 5.5%, development investment property 0.5% and other 1.5%. Of this portfolio, 100% is located in the Netherlands. The value of the Group's property portfolio is subject to risks related to, amongst others, occupancy levels, rent levels, consumer spending, prices of properties and interest rates. Due to the economic downturn in the Netherlands, the property market has been adversely impacted by commercial property occupancy levels and low consumer spending on residential property, which, in turn, has and could, in the future, continue to reduce returns on property investments. Occupancy levels could drop if the Group does not properly manage the contractual provisions governing the leases related to the properties and the Group may be required to sell these properties for a loss. For instance, short-term contracts or provisions entitling customers to terminate contracts early could reduce occupancy. The weak economic recovery or a downturn could also result in a further decline in the market values of residential and commercial properties as a result of reluctance in the market to buy additional property or to invest in new building projects. In addition, the introduction of new ways of working, including working from home or in flexible workspaces, could have an impact on the demand for commercial workspace and this may further decrease the market value of commercial properties. Specifically in relation to rural property, the Group is exposed to the risk that changes in European legislation in relation to agriculture (such as the abolition of subsidies, grants and other changes) may negatively impact the value of the Group's rural property portfolio. Finally, changes in economic conditions could also result in less demand for agricultural products which could negatively impact the value of the Group's rural property portfolio. Any decline in the market values of its property investments could have a material adverse effect on the Group's business, revenues, results and financial condition.

The Group is exposed not only in respect of its own capital invested in equities, fixed income assets and property but also in respect of its liabilities to policyholders in respect of the funds of policyholders and other customers invested in equities, fixed income assets and property under life insurance contracts such as unit-linked products and investment contracts. As at 31 December 2015, the Group has guaranteed a minimum return on €1.2 billion of its total unit linked liabilities.

Many of the Group's life insurance products, e.g. defined benefit ("**DB**") products, guarantee a minimum investment return or minimum accumulation at maturity to the policyholder. In the event that the decline in value of the invested assets is greater than the decline in liabilities associated with the guaranteed benefits, the Group must increase its provisions formed for the purpose of funding these future guaranteed benefits, which will have an adverse impact on the Group's results.

In addition, the Group's revenues from unit-linked products (including those without minimum guarantees) and investment contracts depend on fees paid by the customer. Because those fees are generally assessed as a percentage of AuM, they vary directly with the market value of such assets. Therefore, a general decline in financial markets, including in particular equity markets, will reduce the Group's revenues under these contracts.

19. *The determination of the amount of impairments taken on the Group's investment and other financial assets is based on the Group's judgement and, if incorrect, could have a material adverse effect on the Group's business, revenues, results and financial condition*

Impairment evaluation of the Group's investment and other financial assets is a complex process that involves significant judgements and uncertainties that may have a significant impact on the Group's revenues, results and financial condition.

All debt and equity securities (other than those carried at fair value through profit and loss) held by the Group are subject to impairment testing every reporting period. The carrying value is reviewed in order to determine whether an impairment loss has been incurred. Evaluation for impairment includes both

quantitative and qualitative considerations. For debt securities, such considerations include actual and estimated incurred credit losses indicated by payment default, market data on (estimated) incurred losses and other current evidence that the relevant issuer may be unlikely to pay amounts when due. Equity securities are impaired when management believes that, based on the combination of a significant or prolonged decline of the fair value below the acquisition price, there is sufficient reason to believe that the acquisition cost may not be recovered. Upon impairment, the full difference between the acquisition cost and fair value is removed from equity and recognised in net result.

The identification of impairment is an inherently uncertain process involving various assumptions and factors, including the financial condition of the counterparty, expected future cash flows, statistical loss data, discount rates, and observable market prices. Estimates and assumptions are based on models, experts' and management's judgement and other available information. Significantly different results can occur as circumstances change and additional information becomes known. Any further impairments could have a material adverse effect on the Group's business, revenues, results and financial condition.

20. ***A downgrade or a potential downgrade in the Group's credit or financial strength ratings could have a material adverse effect on the Group's ability to raise additional capital, or increase the cost of additional capital, and could result in, amongst others, a loss of existing or potential business (including customer withdrawals), lower AuM and fee income and decreased liquidity, each of which could have a material adverse effect on the Group's business, revenues, results and financial condition***

In general, credit and financial strength ratings are important factors affecting public confidence in insurers, and are as such important to the Group's ability to sell its products and services to existing and potential customers. Credit ratings represent the opinions of rating agencies regarding an entity's ability to repay its indebtedness. On an operating subsidiary level, financial strength ratings reflect the opinions of rating agencies on the financial ability of an insurance company to meet its obligations under an insurance policy, and are typically referred to as "claims-paying ability" ratings.

The Company has a rating of BBB+ from Standard & Poor's (last updated 24 August 2015, when Standard & Poor's regarded the outlook as "stable").

The following subsidiaries are the only operating subsidiaries of the Company with a financial strength rating:

- ASR Schadeverzekering N.V. ("**ASRS**") has an A rating from Standard & Poor's for both the financial strength and the credit rating (last updated 7 July 2015, when Standard & Poor's regarded the outlook as "stable"); and
- ASR Levensverzekering N.V. ("**ASR Leven**") has an A rating from Standard & Poor's for both the financial strength and the credit rating (last updated 7 July 2015, when Standard & Poor's regarded the outlook as "stable").

Rating agencies review insurers' ability to meet their obligations (including to policyholders and their creditworthiness generally) based on various factors, and assign ratings stating their current opinion in that regard. While most of the factors are specific to the rated company, some relate to general economic conditions, intercompany dependencies and other circumstances outside the rated company's control. Such factors might also include a downgrade of the sovereign credit rating of the Netherlands as rating agencies typically take into account the credit rating of the relevant sovereign in assessing the credit and financial strength ratings of corporate issuers (even if the sovereign does not have an ownership interest in the relevant issuer). Rating agencies have increased the level of scrutiny that they apply to financial institutions, have increased the frequency and scope of their reviews, have requested additional information from the companies that they rate, and may adjust upward the capital and other requirements employed in the rating agency models for maintenance of certain ratings levels. The Group may need to take actions in response to changing standards or capital requirements set by any of the rating agencies, which may not otherwise be in the best interests of the Group. The Group cannot predict what additional actions rating agencies may take, or what actions the Group may take in response to the actions of rating agencies. The outcome of such reviews may have adverse ratings consequences, which could have a material adverse effect on the Group's business, revenues, results and financial condition.

A downgrade of the Company's or its operating subsidiaries' credit or financial strength ratings, and a deteriorating capital position, in each case relative to the Group's competitors, could affect the Group's competitive position as comparative ratings are one of the factors typically considered by potential customers and third-party distributors, in selecting an insurer. Tied agents make a similar choice when they

agree to become tied to an insurer. A downgrade of an insurer's credit or financial strength ratings may also contribute to the decision of a tied agent to terminate its relationship with that insurer and move to another insurer. Such a downgrade may also lead to increased withdrawals, lapses of life insurance policies by existing customers as they may elect to move their business to insurers with higher ratings. A downgrade in the Company's credit ratings or in any of its operating subsidiaries' financial strength ratings could thus lead to a decrease in the Group's AuM, lower fee income, and decreased liquidity. In addition, a downgrade could reduce public confidence in the Group and its operating insurance company subsidiaries and thereby reduce demand for its products and increase the number or amount of policy withdrawals by policyholders. These withdrawals could require the sale of invested assets, including illiquid assets, at a price that may result in investment losses. Cash payments to policyholders could reduce the value of AuM and therefore result in lower fee income. A downgrade in the Company's or its operating subsidiaries' credit ratings could also (a) make it more difficult or more costly to access additional debt and equity capital, including hybrid capital, or to redeem and replace such capital (b) increase collateral requirements, give rise to additional payments, or afford termination rights, to counterparties under derivative contracts or other agreements, and (c) impair, or cause the termination of, the Group's relationships with creditors, distributors, reinsurers or trading counterparties, each of which may have a material adverse effect on the Group's business, revenues, results and financial condition. The Group has a number of outstanding financial instruments; for more information see "Operating and Financial Review—Hybrid Instruments".

INSURANCE RISKS RELATING TO THE GROUP'S BUSINESS

21. ***Natural and man-made disasters, which are inherently unpredictable, as well as other unforeseen events, such as infrastructure failures, could have a material adverse effect on the Group's business, revenues, results and financial condition, including if the actual claims amount incurred by the Group as a result of such events exceeds its established reserves or if the Group experiences an interruption of activities***

In its Life and Non-life businesses, the Group is subject to losses from natural disasters as well as man-made disasters and core infrastructure failures. Such events include, without limitation, weather and other natural catastrophes such as wind and hailstorms, floods, earthquakes and pandemic events, as well as events such as terrorist attacks. The frequency and severity of such events, and the losses associated with them, are inherently unpredictable and cannot be reserved for when the event has not yet occurred at the reporting date or may not be adequately reserved for when arising under insurance contracts that are in force at the reporting date and an event has occurred before the reporting date. Such events can cause severe material damage and the people involved could be injured or even killed with potential material losses for both the Group's Life and Non-life business as a result.

In accordance with industry practices, reserves are established based on estimates using actuarial projection techniques and/or individual claims assessments. The process of estimating is based on information available at the time the reserves are originally established. Although the Group continually reviews the adequacy of its established reserves for both Life and Non-life, and based on current information the Group believes its reserves are sufficient for both Life and Non-life, there can be no assurances that its actual claims experience will not exceed its estimated reserves. If actual claim amounts exceed the estimated reserves, the Group's earnings may be reduced and net profits may be adversely affected. Furthermore, in some cases, the Group may experience external pressure to pay out under insurance contracts where not legally bound to do so.

In addition, because unforeseeable and/or catastrophic events can lead to abrupt interruption of activities and may endanger the security of the Group's employees, this may subject the Group's insurance and other operations losses, such disruption. Losses can relate to property, financial assets, trading positions and also to key personnel. If its business continuity plans are not able to be put into action or do not take such events into account, losses may further increase.

In addition, the business continuity and crisis management plans of the Group's distributors and other third-party vendors, on whom the Group relies for certain distribution and other services and products, may also not be effective in mitigating any negative impact on the provision of such services and products in the event of such a disaster or failure. Claims resulting from such a disaster or failure could also materially harm the financial condition of the Group's reinsurers, which would increase the probability of default on reinsurance recoveries and could also limit the Group's ability to write new business.

22. ***The non-life insurance business has historically been cyclical, characterised by periods of intense competition in relation to price and policy terms and conditions often due to excessive underwriting capacity, resulting in fewer policies written, lower premium rates, increased expenses for customer acquisition and retention, and less favourable policy terms and conditions for the Group, and such cycles may occur again***

Insurers that offer non-life insurance products have historically experienced fluctuations in operating results due to competition, the levels of underwriting capacity, general social, legal or economic conditions and other factors. The supply of insurance capacity is related to, amongst other factors, prevailing prices, the level of insured losses and the level of industry profitability and capital surplus which, in turn, may fluctuate in response to changes in inflation rates, the rates of return on investments being earned by the insurance industry, as well as other social, economic, legal and political changes. As a result, the non-life insurance business has sometimes been cyclical in the past, characterised by periods of increased competition in relation to price and policy terms and conditions often due to largely available underwriting capacity, as well as periods when shortages of capacity have seen increased premium rates and policy terms and conditions that are more advantageous to underwriters. Increases in the supply of insurance (whether through an increase in the number of competitors, an increase in the capitalisation available to insurers, or otherwise) and, similarly, reduction in consumer demand for insurance, could have adverse consequences for the Group, including fewer contracts written, lower premium rates, increased expenses for customer acquisition and retention, and less favourable policy terms and conditions for the Group, any of which could have a material adverse effect on the Group's business, revenues, results and financial condition. Although the Group may be able to control certain of these factors, its non-life insurance business will be influenced by this cyclical pattern with profitability increasing during periods of lower underwriting capacity, increased premium rates and/or higher quality insured risk, and profitability declining in periods of higher underwriting capacity, decreased premium rates and/or lower quality insured risk. Additionally, market saturation in the non-life market may have additional negative effects which may be particularly visible at the bottom of the cycle.

23. ***Incorrect assumptions used in pricing products, establishing provisions and reporting business results could have a material adverse effect on the Group's business, revenues, results and financial condition***

The Group's financial results from its operations depend to a significant extent on whether its actual experience is consistent with the assumptions and models used at the time the policy was underwritten, when setting the prices for products and establishing the provisions for future policy benefits and claims. These models include actuarial models and use, among others, statistics, observed historical market data, insurance policy terms and conditions, and the Group's own judgement, expertise and experience, and include assumptions as to, among others, the levels and timing of payment of premiums, benefits, claims, expenses, interest rates, credit spreads, investment portfolio performance (including equity market and debt market returns), longevity, mortality, morbidity and product persistency, and customer behaviour (including with respect to lapses or extensions). The Group's risk models also include assumptions as to regulatory capital and other requirements, which are particularly uncertain in the current regulatory environment, which is undergoing significant, and ongoing, changes. Such assumptions are applied to arrive at quantifications of some of the Group's risk exposures.

Although the Group monitors its actual experience against the assumptions it has used and refines its long-term assumptions in accordance with actual experience, it is impossible to determine the precise amounts that are ultimately payable. Statistical methods and models may not accurately quantify the Group's risk exposure if circumstances arise that were not observed in the historical data, if the data do not accurately estimate the magnitude or impact of events or if the data otherwise proves to be inaccurate (see "—27. Previously unknown risks, so-called 'emerging risks', which cannot be reliably assessed, could lead to unforeseeable claims, which could have a material adverse effect on the Group's business, revenues, results and financial condition"). From time to time, the Group may need to update its assumptions and actuarial and risk models to reflect actual experience and other new information. The Group therefore cannot determine with precision the amounts that it will pay for, or the timing of payment of, actual benefits, claims and expenses or whether the assets supporting the Group's policy liabilities, together with future premiums, will be sufficient. If actual experience differs from assumptions or estimates, the profitability of the Group's products may be negatively impacted, the Group may incur losses, and the Group's capital and reserves may not be adequate, and the effectiveness of the Group's hedging programmes may be adversely affected. In addition, the impact of changes to assumptions, actuarial and risk models on the Group's financial reporting will differ depending on applicable accounting and regulatory frameworks. For example, future mortality improvements in the portfolio are estimated based

on the mortality improvements defined by the Dutch Actuarial Association. Although the Group believes that this is an adequate estimate, there is a risk that the estimate the Group uses for future improvements may be incorrect. Another example is the Group's insurance portfolio which covered buildings which may have contained asbestos. Although the Group sold its corporate insurance portfolio in 2009, some old policies were left within the Group. Although the Group does not expect further claims out of those policies, there is a risk that claims, including asbestos related claims, could arise. This could require the Group to make unanticipated payments, which could have a material adverse effect on the Group's business, revenues, results and financial condition.

Lapse risk, which is the risk of policy lapses or withdrawal increases beyond expectations, is another important variable for the Group's business as the Group is not always able to fully recover the up-front expenses incurred in selling a product. This may force the Group to sell assets at depressed prices. Lapse risk could have a material adverse effect on the Group's fee income, business, revenues, results and financial condition.

Policyholder behaviours and patterns can be influenced by many factors, including financial market conditions and economic conditions generally. For instance, if an insurance product contains a guaranteed minimum benefit, financial market conditions will determine whether that guarantee is "in the money", "out of the money" or "at the money", depending on whether the guarantee amount is higher, lower or equal to the value of the underlying funds. This in turn may influence the policyholder's decision on whether or not to maintain the policy. By way of example, an equity market decline, decreases in prevailing interest rates, or a prolonged period of low interest rates, could result in the value of the guaranteed minimum benefits being "in the money", in which case the policyholder is less likely to surrender the policy (particularly when the timing of receiving the guaranteed minimum benefit amount is known and is not too far in the future). Factors such as customer perception of the Group, awareness and appreciation by customers of potential benefits of early surrender, and changes in laws (including tax laws that make relevant products more or less beneficial to customers from a tax perspective) can also affect policyholder behaviour. Other factors, less directly related to the product, such as a change in state pensions, an increase or decrease in the preference of consumers for cash at hand, the existence and terms of competing products, and others, may also have an impact on policyholder behaviour.

24. *Changes in longevity, mortality, morbidity, claims frequency and severity or discrepancies between assumed mortality, morbidity, claims frequency and severity and actual mortality, morbidity and claims frequency and severity may have a material adverse effect on the Group's business, revenues, results and financial condition*

The Group is exposed to longevity risk (the risk the insured party lives longer than expected), mortality risk (the risk the insured party dies sooner than expected) and morbidity risk (the risk the insured party falls seriously ill or is disabled more severely than expected).

Annuities and group life products are subject to longevity risk, which is the risk that annuitants live longer than was projected at the time their policies were issued, with the result that the insurer must continue paying out to the annuitants for longer than anticipated (and therefore longer than was reflected in the price of the annuity and in the liability established for one policy).

The Group's life insurance business is also exposed to mortality risk, especially in funeral, term life insurance and pension contracts where the surviving partner is the beneficiary.

In addition, the Group's insurance business is exposed to morbidity risk, in particular the risk that more policyholders than anticipated will suffer from long-term health impairments and the risk, in the case of income protection or waiver of premium benefits, that those who are eligible to make a claim do so for longer than anticipated (and therefore longer than was reflected in the price of the policies and in the liability established for the policies). Improvements in medical treatments that prolong life without restoring the ability to work could cause these risks to materialise at a greater frequency than currently observed.

The Group sells the WGA-ER product, a private insurance product for partially as well as non-permanently fully disabled employees. As full run off information is not yet available, managerial judgement is exercised in determining the amounts necessary to provision for longer term recoveries and the outflow to the IVA (*Inkomensvoorziening Volledig Arbeidsongeschikten*), which covers payments for the permanently fully disabled. Although based on the Group's current knowledge; it believes the level of provisions to be adequate, this expert judgement may prove to be wrong in the future.

In valuing its insurance liabilities and in establishing its pricing and reserving standards, the Group uses assumptions to model its future benefit payments, which may be different from the actual benefit payments that will become due in the future if the insured lives are longer than was assumed. To establish these assumptions, the Group makes use of the mortality table of the Dutch Actuarial Society (*Actuarieel Genootschap*; "**AG**"). This table is based on data of Statistics Netherlands (*Centraal Bureau voor de Statistiek*) ("**CBS**") and includes a trend for future mortality. Based on the difference between the Group's mortality experience and the CBS mortality observations, mortality experience factors are derived. In the case of insufficient (usually because the population is too small) Group data, industry standards (supplied by *Centrum voor Verzekerings Statistiek*, "**CVS**") are used. These assumptions are updated on a yearly basis.

If an updated mortality table reflects lengthened life expectancies, such mortality improvements may increase the expected future benefit payments and thereby decrease the profitability of certain of the Group's life insurance products, which could have a material adverse effect on the Group's business, revenues, results and financial condition. Moreover, a change in assumptions, though it would be reflected over time in the IFRS results, would result in an immediate change in the present value of the liabilities used to determine available regulatory capital and the impact of changes to assumptions tend to be more pronounced when, as is currently the case, interest rates are low. A change in assumptions could result in a material decrease in available regulatory capital, which could have a material adverse effect on the Group's business, revenues, results and financial condition. In the insurance portfolio of the Group, both mortality risks and longevity risks are present. As a result, there is a partial compensating effect when the mortality table is updated. Although the Group believes that its established provisions are adequate, due to the uncertainties associated with such provisions (in particular the risk of life expectancy increasing in the future at a faster rate than expected), there can be no assurance that such provisions will indeed be adequate. Should the provisions appear to be insufficient, the Group's business could suffer significant losses that could have a material adverse effect on its business, revenues, results and financial condition.

The Group's non-life and health businesses are exposed to claims frequency and severity risks, in particular the risk that more policyholders than anticipated suffer a claim or that claims prove to be more expensive than anticipated. As a result, premiums and provisions may become inadequate. Although the Group believes that its established provisions are adequate, due to the uncertainties associated with such provisions, there can be no assurance that such provisions will indeed be adequate. Should the provisions appear to be insufficient, the Group's business could suffer significant losses that could have a material adverse effect on its business, revenues, results and financial condition.

25. *A failure to accurately estimate inflation and factor it into the Group's product pricing, expenses and liability valuations could have a material adverse effect on the Group's business, revenues, results and financial condition*

A failure to accurately estimate inflation and factor it into the Group's product pricing and liability valuations with regard to future claims and expenses could result in the systemic mispricing of long-term life and non-life insurance products resulting in underwriting losses, and in restatements of insurance liabilities, which could have a material adverse effect on the Group's business, revenues, results and financial condition.

In the case of expenses, the Group's most significant exposure to inflation risk is in its life insurance and long-term disability business. With respect to claims, the Group's most significant exposure to inflation risk is in its funeral, disability (€1.0 billion reserves as of 31 December 2015) and long tail P&C insurance policies (€0.6 billion as of 31 December 2015, mainly third-party liability). Although the property portfolio generally provides a natural inflation hedge, it may not offset the effects of inflation on the Group's business (see "—17. The Group's hedging programmes may prove inadequate or ineffective for the risks they address, which could have a material adverse effect on the Group's business, revenues, results and financial condition").

A sustained increase in inflation may result in (a) claims inflation (which is an increase in the amount ultimately paid to settle claims several years after the policy coverage period or event giving rise to the claim), expense inflation (which is an increase in the amount of expenses that are paid in the future) and indexation (increase of accrued pension), respectively, coupled with (b) an underestimation of corresponding reserves at the time of establishment due to a failure to fully anticipate increased inflation and its effect on the amounts ultimately payable, and, consequently, actual claims or expense payments that significantly exceed associated insurance reserves, which could have a material adverse effect on the Group's business, revenues, results and financial condition. An increase in inflation may also require the

Group to update its assumptions. Updates in assumptions would result in an immediate change in the present value of the claims or expenses, respectively, used to determine available (regulatory) capital and would therefore have an immediate impact on available (regulatory) capital. Changes in assumptions could therefore have a material adverse effect on the Group's business, revenues, results and financial condition.

26. *Reinsurance may not be available, affordable or adequate to protect the Group against losses, and reinsurers may default on their reinsurance obligations*

As part of its overall risk and capacity management strategy, the Group purchases reinsurance for certain risks underwritten by several of its business lines. These reinsurance agreements are designed to spread the risk and mitigate the effect of claims. The amount of the retained risk depends on an evaluation of the specific risk, which is subject, in certain circumstances, to maximum limits based on the characteristics of coverage. Under the terms of these reinsurance agreements, the reinsurer agrees to reimburse the Group for the ceded amount in the event that the Group has to pay out the ceded claim to a policyholder. A default by a reinsurer to which the Group has material exposure could expose the Group to significant (unexpected) losses and therefore have a material adverse effect on its business, revenue, results and financial condition.

Market conditions beyond the Group's control determine the availability and cost of reinsurance. The Group may therefore be forced to incur additional expenses for reinsurance or may not be able to obtain sufficient reinsurance on acceptable terms, which could have a material adverse effect on its ability to write future business and expose it to higher levels of losses or be forced to attract additional capital or to lower dividends. In addition, the Group determines the appropriate level of primary insurance and reinsurance coverage based on a number of factors and from time to time decides to reduce, eliminate or decline coverage based on its assessment of the costs and benefits involved. Any decreases in the amount of reinsurance coverage may increase the Group's risk of loss and increase required capital. Any of these risks, should they materialise, may have a material adverse effect on the Group's business, revenues, results and financial condition.

The Group's most important reinsurance contracts are those for Non-life catastrophe risks (including windstorm), individual disability and the reinsurance of a specific part of the pension liabilities (being the Chevron pension buy out, see "Operating and Financial Review—Factors Affecting Financial Condition and Results of Operations—Acquisitions and Buy-Outs"). The share of reinsurers in the Group's technical provision was €611 million as at 31 December 2015. If reinsurers are not able to fulfil their obligations to the Group, there is a risk that the Group will have to recognise a loss. This loss could exceed the exposure of €611 million depending on the actual claim amount and the ability of the reinsurers to fulfil their obligations.

27. *Previously unknown risks, so-called "emerging risks", which cannot be reliably assessed, could lead to unforeseeable claims, which could have a material adverse effect on the Group's business, revenues, results and financial condition*

The term "emerging risks" is used in the insurance industry to refer to previously unknown risks that could cause substantial future losses and, therefore, are of major concern to insurance companies. Even more so than traditional risks, emerging risks are difficult to analyse because they often exist as hidden risks. Insurance premiums for emerging risks are difficult to calculate due to a lack of historical data about, or experience with, such risks or their consequences. At present, the consequences of potential worldwide climate change are considered emerging risks. There is a wide scientific consensus, and a growing public conviction, that globally increasing emissions of greenhouse gases, especially carbon dioxide, are causing an increase in average worldwide surface temperatures. This increase in average temperatures could change weather patterns and increase the frequency of hurricanes, floods, droughts and forest fires, and could cause sea levels to rise due to the melting of the polar ice caps. Other examples of emerging risks which could affect the Group are demographic changes (such as the aging of the population), cybercrime, epidemics and pandemics, job related diseases (e.g. asbestos), and risks that may arise from the development of nanotechnology and genetic engineering.

Despite its efforts at early identification and continuous monitoring of emerging risks, the Group cannot give any assurance that it has been or will be able to identify all emerging risks and to implement pricing and reserving measures to avoid or minimise claims exposure to them. Defects and inadequacies in the identification and response to emerging risks could lead to unforeseen policy claims and benefits and could have a material adverse effect on the Group's business, revenues, results and financial condition.

28. ***For basic health insurance, interdependencies exist with other insurance companies because of the Dutch national healthcare funding and equalisation system. Further interdependencies exist because of bi- and multilateral arrangements with specific companies. As a result, the Group's business, revenues, results and financial condition may be adversely affected by market wide developments, changes to national healthcare policies or developments specific to some other insurers***

The Dutch market for basic healthcare insurance is regulated through a national funding and equalisation system. Both premiums and claims carry an amount of uncertainty, both in advance as well as up to four years after the insured period at which point they are finally settled. Furthermore, for certain health benefits, the Group buys services from health care suppliers together with other insurers (DSW, ONVZ, Eno, Zorg en Zekerheid). In many cases, the cost of these services per supplier is capped at a limit, as pre-agreed with relevant suppliers on a case-by-case basis, that applies to, and is generally calculated in relation to the actual costs of, these insurers combined. As a result, the final claims cost for the Group depends on the actual cost of the other insurers and the Group's claims reserves are dependent on other insurers' assessments of these final claims. As a result the Group's business, revenues, results and financial condition may be materially and adversely affected by market wide developments or developments specific to some other insurers.

LIQUIDITY RISK

29. ***Lack of liquidity at the holding company level and lack of liquidity for operating entities, along with the inability to upstream capital and liquidity from subsidiaries to the holding entity are risks to the Group's business and may have a material adverse effect on the Group's business, revenues, results, ability to upstream dividends and financial condition***

The Group is subject to the risk that it cannot meet its payments and collateral obligations when due without significant losses or at all. The Group is also subject to the risk of not being able to meet expected or unexpected current or future cash outflows or collateral needs without affecting the financial condition of the Group. The Group is subject to the risk that it cannot sell an asset without significantly affecting the market price of the asset due to insufficient supply and demand, and to the risk of market disruption, changes in applicable haircuts and market value or uncertainty about the time required to sell an asset or exit a trading position.

The lack of liquidity in certain investment assets could prevent the Group from selling investments at fair prices in a timely manner. Each asset purchased and liability sold has unique liquidity characteristics. Some assets have high liquidity, meaning that they can be converted into cash relatively quickly, while other assets, such as privately placed loans, mortgage loans, property and limited partnership interests, generally have low liquidity. Market downturns generally reduce the liquidity of investments during the period of market disruption. They may also reduce the liquidity of those assets which are typically liquid, as has occurred with markets for asset-backed securities relating to property assets and other collateralised debt and loan obligations. The Group holds certain assets that have low liquidity, such as privately placed fixed income securities, commercial and residential mortgage loans, ABS, government bonds of certain countries, private equity investments and real estate. Due to the lack of liquidity in the capital markets for certain assets, which may intensify and affect previously liquid assets during times of market disruption, the Group may be unable to sell or buy assets at market efficient prices and may therefore realise investment losses or be obliged to issue securities at higher financing costs.

The Group's banking subsidiary, ASR Bank N.V. (the "**Bank**"), is exposed to the risk of customer deposit outflows. In the event of larger than expected customer deposit outflows the Group would need to seek alternate funding, such as wholesale funding, and would be subject to the risk of an inability to attract wholesale funding to fund its illiquid assets, in particular its mortgage portfolio. There can be no assurance that liquidity available elsewhere in the Group can or may be made available to the Company or affected subsidiary or that any such entity will have access to external sources of liquidity.

Furthermore, the Company is a holding entity and its liquidity depends on the ability of the Group to upstream capital and liquidity from its subsidiaries. The Company is also dependent on dividend payments by its subsidiaries to service its debt and expenses. Payments of dividends to the Company by its subsidiaries may be restricted by applicable laws and regulations, including laws establishing minimum solvency and liquidity thresholds. For instance, dividend distributions by the operating insurance companies may not be permitted by DNB. In addition to restrictions as a result of applicable laws and regulations for payment of dividends by subsidiaries, dividend upstreams may also become restricted because of the Group's own policies, such as taking into account additional considerations with respect to

capital, leverage and liquidity requirements, other regulatory requirements or constraints, strategy, future income, profits, resources available for distribution, financial conditions, growth opportunities, the outlook of the subsidiary, its short-term and long-term viability, general economic conditions and any circumstances that the Executive Board may deem relevant or appropriate, including additional capital and liquidity buffers deemed adequate in furtherance of the subsidiary's moderate risk profile. Further, the Group has a large derivatives portfolio, which could require it to post (additional) collateral, reducing its available funds. See also "—54. The Company's ability to pay dividends to shareholders may be constrained". Although the Group has a liquidity management policy in place to manage liquidity risk, this policy may prove to be ineffective (see "The Group's Consolidated Financial Statements as of and for the Year Ended 31 December 2015—Risk Management").

OPERATIONAL RISKS

30. *The Group is subject to operational risks, which can originate from inadequate or failed internal Group processes and systems, the conduct of Group personnel and third parties, and from external events that are beyond the Group's control*

The Group is subject to operational risks, which risks can originate from inadequate or failed internal processes and systems, the conduct of Group personnel and third parties (including intermediaries, tied agents, mandated brokers and other persons engaged by the Group to sell and distribute its products and to provide other services to the Company), and from external events that are beyond the Group's control. The Group's internal processes and systems may be inadequate or may otherwise fail to be fully effective due to the failure of Group personnel and third parties to comply with internal business policies or guidelines, and (unintentional) human error (including during transaction processing), which may result in, among others, the incorrect or incomplete storage of files, data and important information (including confidential customer information), use of corrupt data, inadequate documentation of contracts and mistakes in the settlement of claims (for instance, where a claim is incorrectly assessed as valid, or where the insured receives an amount in excess of that to which the insured is entitled under the relevant contract). General examples of operational risks include:

- ***internal fraud*** (acts of a type intended to defraud, misappropriate property or circumvent regulations, the law or Group policies which involve at least one internal party. This includes malicious damage intentionally caused by an internal party, by a third party or external source with the help of an internal party).
- ***external fraud*** (acts of a type intended to defraud, steal, deceive or circumvent the law by a third party without the complicity of a staff member).
- ***outsourcing risk*** (employees of the Group or third parties to whom the Group has outsourced or from whom the Group has insourced certain processes or services violating or not applying applicable rules, regulations or internal procedures).
- ***employment practices and workplace safety*** (events or acts inconsistent with employment and/or occupational health and workplace safety laws or rules, or other safety events in which employees are involved and for which the Group is liable (to its employees) as an employer).
- ***clients, products & business practices*** (events relating to an unintentional, intentional or negligent failure to meet a professional obligation to specific clients (including fiduciary, appropriateness and suitability requirements), or from the nature or design of a product).
- ***disasters and public safety*** (events relating to loss of or damage to assets or people from natural disasters, acts of terrorism/vandalism or other events).
- ***technology and infrastructure failures*** (events relating to disruption of infrastructure or system failures).
- ***execution, delivery and process management*** (events relating to failed transaction or order handling, processing or process management, settlement and escrow management such as data entry errors, accounting errors, incomplete legal documentation and failure to meet mandatory reporting requirements).
- ***monitoring*** (events related to inadequate monitoring of internal compliance with regulations and client compliance with contractual terms and conditions).
- ***information security risk*** (events related to inadequately protecting and preserving the confidentiality, integrity, authenticity, availability, and reliability of information).

A specific example of the operational risk of 'execution, delivery and process management' is the possibility of defects and errors in the Group's financial processes, systems and reporting (including both human and technical errors) regarding Solvency II calculations (see "—35. The Group is reliant on data quality and models, including for example for calculating Solvency II own funds and required capital. In addition, the increasing demands from supervisory and other authorities both as far as detail and frequency of reporting is concerned, are a significant burden on the Group with the accompanying risk that errors are made, information is reported past deadlines and that fines and other penalties are incurred. This could have a material adverse effect on the Group's business, reputation, results and financial condition"). In addition, because the Group has actively acquired, and may in the future acquire, insurers and portfolios (including Axent, NIVO and de Eendragt) it is exposed to risks relating to the integration of acquired businesses (see also "—9. If the Group is unable to successfully implement its strategy, or if the Group's strategy does not yield the anticipated benefits, this may have a material adverse effect on the Group's business, revenues, results and financial condition and the Group may not achieve its targets. If one or more of the assumptions that the Group has made in setting its targets are inaccurate, the Group may be unable to achieve one or more of its targets").

The Group has developed policies and procedures to identify, monitor and manage, among others, operational risks, and will continue to do so in the future. However, these policies and procedures may be inadequate, or may otherwise not be fully effective. For example, the Group has experienced some difficulties in its pension business with the execution of complex mutations concerning disability and divorces, and providing customers with the correct information (pension letters). This was primarily due to changing and complex conditions and legacy issues that the Group faced. Although the Group is implementing procedures designed to avoid these difficulties in the future, these procedures may not be effective.

If any of these or other operational risks were to materialise, it could result in, amongst others, additional or increased costs, errors, fraud, violations of law, investigations and sanctions by regulatory and other supervisory authorities, claims by customers, customer groups and customer protection bodies, loss of existing customers, loss of potential customers and sales, loss of receivables, and harm the Group's reputation, any of which, alone or in the aggregate, could have a material adverse effect on the Group's business, revenues, results and financial condition.

31. ***Failure of the Group's own or outsourced information technology systems, including as a result of cybercrime or information security weaknesses, could lead to a breach of regulations and contractual obligations and have a material adverse effect on the Group's reputation, business, results and financial condition***

The Group's technological infrastructure is critical to the operations of the Group's business and delivery of products and services to clients. Even with the back-up recovery systems and contingency plans that are in place, the Group cannot assure that interruptions, failures or breaches in capacity, security or data (including use of corrupt data) of these processes and systems will not occur or, if they do occur, that they will be adequately addressed. This includes disruptions of the Group's operating or information systems, arising from events that are wholly or partially beyond the Group's control, including distributed denial of services computer viruses or electrical or telecommunication outages, breakdowns in processes, controls or procedures, and operational errors, including administrative or recordkeeping errors or errors resulting from system failures, faulty computer or telecommunications systems. This also includes the intentional or unintentional release of proprietary information about the Group, its clients or its employees. Such leaked information may be used against the interests of the Group, its clients or its employees, including in litigation and arbitration proceedings.

The Group relies on its operational processes and communication and information systems to conduct its business, including pricing of its products, its underwriting liabilities, the required level of provisions and the acceptable level of risk exposure and to maintain accurate records, customer services and compliance with its reporting obligations. The Group depends on third-party providers of administration and IT services and other back-office functions.

In addition, even though back-up and recovery systems and contingency plans are in place and legacy removal and upgrading (quality improvement) of its systems are in progress to update systems and infrastructure, it is still possible that interruptions, failures with conversions, failures or breaches in security of these processes and systems will occur and, if they do occur, that they may not be adequately addressed.

Any interruption in the Group's ability to rely on its internal or outsourced IT services or deterioration in the performance of these services could impair the timing and quality of the Group's services to its

customers and result in loss of customers, inefficient or detrimental transaction processing and regulatory non-compliance, all of which could also damage the Group's brands and reputation.

32. ***The Group may not be able to retain or attract personnel who are key to the business***

The success of the Group's operations is dependent, among other things, on its ability to attract and retain highly qualified professional personnel. Competition for key personnel is intense. Its ability to attract and retain key personnel, in particular senior officers, experienced portfolio managers, fund managers, sales executives, risk managers, financial reporting managers, actuaries and compliance officers, is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent. Furthermore, the Group currently does not have the ability to pay bonuses to members of the Executive Board and senior employees due to its total ownership by the Dutch State and the imposed limitation of the government which does not allow bonuses while state-owned (see also "Supervision and Regulation—Dutch Regulatory Framework—General—Remuneration"). Any failure of the Group to retain or attract qualified personnel could have a material adverse effect on its business, revenues, results or financial condition.

On 1 January 2014, the Dutch act on the revision and claw-back of bonuses and profit-sharing arrangements came into force (*Wet aanpassing en terugvordering van bonussen en winstdelingen van bestuurders en dagelijks beleidsbepalers*). This act applies to board members of Dutch public companies and Dutch financial institutions, such as insurers, investment firms and banks, as well as to employees of those entities that are in charge of the day-to-day management of those entities. The rules allow for the possibility to (a) revise a bonus prior to payment, if payment of the bonus would be unacceptable pursuant to the criteria of "reasonableness and fairness" and (b) claw back (part of) a paid bonus, if payment took place on the basis of incorrect information on the fulfilment of the bonus targets or conditions for payment of the bonus. Since the coming into force of the act on remuneration policies within the financial sector on 7 February 2015, such revision and claw back has become mandatory for financial institutions. In addition it has become mandatory to revise or claw back variable remuneration in cases of unsuitability or inappropriate behaviour and in cases where the relevant person was responsible for behaviour resulting in serious deterioration of the company's financial position. There are also specific provisions that apply in the event of a "change of control" of Dutch listed companies. See "Supervision and Regulation". These new rules may limit the Company's ability to attract and retain suitably qualified board members and senior employees in the Netherlands.

33. ***The Group may be exposed to failures in its risk management systems, including security breaches resulting in inadequate or failed processes or systems and human errors, cyber-attacks and fraud that could have a material adverse effect on its business, revenues, results and financial condition***

Risk can manifest itself in many ways, including business interruption, poor vendor performance, information systems malfunctions or failures, external (outsourced) archive with original documents not being accessible, regulatory breaches, human errors, employee misconduct and/or internal and external fraud, including fraudulent claims by customers, theft, corruption, insider trading and fraudulent actions relating to third-party investment products or investment managers. These events can potentially result in financial loss or harm to the Group's reputation and hinder its operational effectiveness. The Group invests substantial time and effort in its strategies and procedures for managing its risks, including credit risk, strategic risk, market risk, insurance risk, liquidity risk, operational risk, privacy risk and conduct of business risk. Notwithstanding these control measures, risk is part of the business environment in which the Group operates and is inherent in its size, as well as the scope of the Group's businesses. The Group's risk management activities cannot anticipate every economic and financial outcome or the specifics and timing of each risk and with respect to the risks that can be anticipated, the Group may not be able to manage such risks appropriately. If circumstances arise that the Group does not identify, anticipate or correctly evaluate, its risk management system may prove insufficient and the Group could suffer material unanticipated losses.

The Group, as a financial institution, handles large amounts of money, customer data and privileged information and is therefore highly dependent on the honesty and integrity of its employees. In addition, changes towards more sophisticated internet technologies, the introduction of new products or services, changing customer needs and evolving applicable standards, increase the dependency on the internet, secure systems and related technology. The Group faces a risk of loss due to errors, negligent behaviour, lack of knowledge, fraud or wilful violation of rules and regulations by its employees, as well as attempts to compromise its system including through cyber-attacks. The Group regularly reviews its information

security procedures and seeks to make improvements to its systems, and is currently implementing changes to its user account management system as a result of these reviews. Misconduct by employees could bind the Group to transactions that exceed authorised limits or present unacceptable risks, or hide from it unauthorised or unsuccessful activities, which, in either case, could result in unknown and unmanaged risks and losses. Employee misconduct could also involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and serious financial losses. Employee misconduct in any form could also result in significant damage to the Group's reputation, which could in turn hinder the Group's ability to retain existing customers or compete for new business. It is not always possible to deter and detect employee misconduct, and the precautions taken by the Group may not always be effective.

Any failure in its risk management systems could have a material adverse effect on the Group's business, revenues, results and financial condition.

34. ***The Group is dependent in part on the continued performance, accuracy, compliance and security of third-party service providers who provide certain critical operational support functions to the Group. Inadequate performance by these service providers could result in reputational harm and increased costs, which could have a material adverse effect on the Group's business, revenues, results and financial condition***

The Group is focused on increasing the percentage of variable costs as compared to fixed costs within its overall cost base. In order to achieve this goal, the Group plans to outsource activities which it believes third parties can perform more efficiently and effectively, due to specific knowledge or because of cost or scale benefits. Examples of existing outsourced activities are Software as a Service ("**SaaS**") in Individual life, Pensions and Health, information technology outsourcing ("**ITO**") for Individual life and business process outsourcing ("**BPO**") for part of the portfolio of Individual life and Pensions. However, the Group believes that certain activities, such as pricing, underwriting, asset management and claims management (including for instance medical advisers and personal injury claims), should be performed by the Group given that these are essential to the insurance operations. The Group manages outsourced activities through its outsourcing policy. The policy for this consists of, among other things, selection processes (Rfi and Rfp), executing a risk assessment on different types of outsourcing and using an outsourcing agreement (such as an exit plan, the right to audit as part of the agreement and continuity measures). The Group strongly depends on the services, products and knowledge of its key third-party ICT and software providers (see also "—31. Failure of the Group's own or outsourced information technology systems, including as a result of cybercrime or information security weaknesses, could lead to a breach of regulations and contractual obligations and have a material adverse effect on the Group's reputation, business, results and financial condition"). Accordingly, the Group is at risk of these third parties not delivering on their contractual obligations. These services may cease to be provided, for example due to a service provider ceasing to exist, or a contract period expiring or a contract being terminated without sufficient continuity or contingency planning by the Group. Furthermore, if the contractual arrangements put in place with any third-party providers are terminated, the Group may not find an alternative provider on a timely basis or on equivalent terms. In addition, there can be no guarantee that the suppliers selected by the Group will be able to provide the functions for which they have been contracted, either as a result of them failing to have the relevant capabilities, products or services, or due to changed regulatory requirements, inadequate service levels set by, or ineffective monitoring by, the Group. Furthermore, the Group is at a risk of these third parties operating below adequate or acceptable levels. Due to the strong dependency on the cooperation and ability of third-party software and ICT suppliers to enable implementation of the Group's changes, it cannot be assured that modifications necessary in order to address changes are timely made (see also "—37. The Group is subject to comprehensive and frequently changing insurance, investment management, banking, pension and other financial services laws and regulations, and to supervision by regulatory authorities that have broad administrative powers over the Group".) Many of these service providers have access to confidential privacy related customer information, and any unauthorised disclosure or other mishandling of that confidential customer information could result in adverse publicity, reputational harm, deter purchases of the Group products, subject the Group to heightened regulatory scrutiny or significant civil and criminal liability, and require that the Group incur significant legal and other expenses. Although the Group strives to ensure that the ownership of data remains with the Group and that privacy related customer information is sufficiently protected, including by third parties who provide services to the Group (for example by requesting IASE 3042 assurance reports from service providers), breaches of confidentiality may occur. Any of these events could have a material adverse effect on the Group's business, revenues, results and financial condition.

35. ***The Group is reliant on data quality and models, including for example for calculating Solvency II own funds and required capital. In addition, the increasing demands from supervisory and other authorities both as far as detail and frequency of reporting is concerned, are a significant burden on the Group with the accompanying risk that errors are made, information is reported past deadlines and that fines and other penalties are incurred. This could have a material adverse effect on the Group's business, reputation, results and financial condition***

The Group uses large amounts of data in its business including to price its products and run its actuarial and risk models (see "—23. Incorrect assumptions used in pricing products, establishing provisions and reporting business results could have a material adverse effect on the Group's business, revenues, results and financial condition"). If the data management uses is incorrect or incomplete this may lead to incorrect or untimely decisions by management. Additionally, defects and errors in the Group's financial processes, systems and reporting, including both human and technical errors, could result in a late delivery of internal and external reports, or reports with insufficient or inaccurate information.

The Group is also subject to increasingly detailed and extensive information requests made with increasing frequency from supervisory and other authorities in the Netherlands. As the frequency of requests and the amount and detail of data requested increases, where requests regularly overlap and the formats of requests may differ or be subject to different requirements, more administrative, operational and IT resources are required for compliance. The Group's difficulty in responding to these requests is aggravated by its reporting chain being complex and the fact that in the Group's current financial reporting business units and legal entities do not always coincide. Although the Group is managing the consequences of regulatory change and the increase in data requests from authorities, the Group cannot fully mitigate or eliminate those risks.

Calculating Solvency II own funds and required capital is also subject to the aforementioned risks. The Group has procedures in place to assess the quality of data and models regularly. In addition, the Group has undertaken various project based initiatives with a view to ensure the quality of the data and models used to calculate the Solvency II own funds and required capital. Despite these measures, there is a risk that data and models used contain errors.

The complexity of the Group's reporting chain is due to, among other things, different IT systems in use by the relevant business units, legacy issues, certain data and documentation not being recorded in a uniform manner or being recorded inaccurately. When the Group receives a request for information from a supervisory or other authority, the data required may not always be readily available or may not be available in a format that allows processing without human intervention. The Group may then need to manually collect and collate data from its various systems and from within different business units and convert it into a format compliant with reporting requirements. This creates a risk that mistakes are made, deadlines are missed or that reporting requirements are not complied with. It may also force the Group to significantly increase its spend on compliance and IT. Furthermore, regulatory reporting requirements may be contradictory with each other, making compliance more difficult. Missing deadlines or in other manners not or not fully complying with reporting requirements could lead to substantial fines and other penalties. The developments described above could also lead to tension between any new regulatory obligations and the duty of care of the Group or privacy considerations that apply in certain jurisdictions. Although the Group conducts its business almost exclusively in the Netherlands (with limited operations in Belgium related to funeral insurance) it may be subject to the requirements of governments or supervisory and other authorities in other jurisdictions that may not necessarily be compatible with requirements in the Netherlands. Any of the above could have a material adverse effect on the Group's business, reputation, results and financial condition.

REPUTATIONAL RISK

36. ***The Group is exposed to the risk of damage to any of its brands or its reputation, which could have a material adverse impact on the financial condition of the Group***

The Group's success, business and results are dependent on the strength of its brands and the Group's reputation. The Group and its products are vulnerable to adverse market perception as it operates in an industry where integrity, customer trust and confidence are paramount. The Group is subject to the risk that inappropriate execution of the Group's business activities causes detriment to the Group's clients or counterparties or to the Group and its employees, third-party service providers and external staff. In addition, the Group is subject to risk from damage caused to the Group's brand or reputation arising from any inappropriate actions by the Group, its employees, clients or counterparties (including breaches of

laws, regulations and internal policies), or by any association, action or inaction which is perceived by stakeholders to be inappropriate, unethical or not sustainable. In addition, damage to the Group's brand or reputation could also arise from litigation (such as in connection with mis-selling), the negative outcome of regulatory investigations, press speculation and negative publicity (whether or not founded). Negative publicity adversely affecting the Group's brands or its reputation could also result from any misconduct or malpractice by intermediaries, business promoters or other third parties linked to the Group (such as strategic partners). Any of the Group's brands or reputation could also be harmed if products or services recommended by the Group (or any of its intermediaries) do not perform as expected or do not otherwise meet client expectations (whether or not the expectations are well-founded), or the client's expectations for the product change.

In particular, the Group is subject to reputational risk related to unit-linked insurance products (see also "—41. Holders of the Group's products where the customer bears all or part of the investment risk, or consumer protection organisations acting on their behalf, have filed claims or proceedings against the Group and may continue to do so. This litigation and/or actions taken by regulators or governmental authorities against the Group or other insurers in respect of these products (including unit-linked life insurance products), settlements, collective or otherwise, or other actions taken by other insurers and sector-wide measures could substantially affect the Group's insurance business and, as a result, may have a material adverse effect on the Group's business, reputation, revenues, results, solvency and financial condition"). The Group is subject to the risk that policyholders with a traditional life insurance product with non-guaranteed profit-sharing may take actions because the level of profit has been disappointing according to their expectations, which could have an adverse effect on the reputation of the Group. Moreover, the Group is subject to reputational risk from damage caused to the Group arising from inappropriate actions by the Group's clients or counterparties (including money laundering, terrorism financing and tax evasion by these clients and counterparties) or from the intended or actual imposition of fines resulting from failure to comply with regulatory requirements.

The Group's real estate development activities may also expose the Group to reputational risk, in particular the development of Leidse Rijn Centrum. The Group could be subject to negative publicity if the project ends up with significant vacancies.

Failure to appropriately manage conduct and reputational risks and any damage to the Group's brands or reputation (whether or not resulting from such failure) may reduce, directly or indirectly, the attractiveness of the Group to stakeholders, including clients and intermediaries, and may lead to existing clients or intermediaries withdrawing their business from the Group and potential clients or intermediaries to be reluctant or elect not to do business with the Group, negative publicity, loss of revenue, litigation (including class actions), increased regulatory scrutiny and sanctions, negatively influenced market or rating agencies' perception of the Group, reduced workforce morale, and difficulties in recruiting and retaining talent. Any resulting damage arising from conduct, brand risks or reputation risks could cause disproportionate damage to the Group's business, even if the negative publicity is factually inaccurate or unfounded.

2. Regulatory/Legal and Compliance Risks

37. *The Group is subject to comprehensive and frequently changing insurance, investment management, banking, pension and other financial services laws and regulations, and to supervision by regulatory authorities that have broad administrative powers over the Group*

The Group is subject to comprehensive insurance, investment management, banking, pension and other financial services laws and regulations, and to supervision by regulatory authorities that have broad administrative and discretionary power over the Group. Amongst others, the laws and regulations to which the Group is subject relate to: licensing and ongoing licensing requirements; capital adequacy requirements; liquidity requirements; permitted investments; the distribution of dividends; product and sales suitability; product distribution; payment processing; employment practices; remuneration; ethical standards; anti-money laundering; anti-terrorism measures; prohibited transactions with countries and individuals that are subject to sanctions or otherwise blacklisted; anti-corruption; privacy and confidentiality; recordkeeping and financial reporting; the competition rules and the rules relating to compliant healthcare insurance policies. See "Supervision and Regulation". Failure to comply with any laws and regulations could lead to disciplinary action, replacement of daily and co-policymakers, the imposition of fines and/or revocation of a licence, permission or authorisation necessary for the conduct of the Group's business or civil or criminal liability, all or any of which could have a materially adverse effect on the Group's business, revenues, results and financial condition.

The laws and regulations to which the Group is subject are becoming increasingly extensive and complex and change frequently and regulators are applying increased scrutiny on the industries in which the Group operates, and on the Group itself, placing an increasing burden on the Group's resources and expertise, and requiring implementation and monitoring measures that are costly (see also "—2. The Group, due to its concentration in the Dutch market, is particularly exposed to the economic, market, fiscal and regulatory conditions in the Netherlands and is highly susceptible to changes in any of these conditions"). Regulations to which the Group is, and may be, subject limit the Group's activities, including, but not limited to, laws and regulations that (a) reduce or restrict the sale of the products and services offered by the Group, (b) negatively affect the pricing, distribution or performance of these products and services, (c) prohibit the Group from putting certain exclusions in its insurance policies, (d) affect the Group's solvency and capital requirements or (e) prohibit the Group from exclusions in acceptance (risk selection). This may negatively impact the Group's ability to make autonomous decisions in relation to its businesses and may limit the information to which the Group has access in relation to those businesses, and result in restrictions on businesses in which the Group can operate or invest, each of which may have a material adverse effect on the Group's business, revenues, results and financial condition. As compliance with applicable laws and regulations is time-consuming and personnel-intensive, and the number and frequency of changes in laws and regulations have increased, and may further increase, the cost of compliance has increased and is expected to continue to increase. The Group's revenues, costs, results and available or required regulatory capital could be affected by an increase or change in regulations. In recent years, the general trend in Dutch regulation has been to hold financial and insurance institutions to increasingly stricter and more detailed standards concerning their duty of care to their customers. This trend affects the Group's Dutch life insurance business through rules regarding the sale of pension and life insurance products to individuals as well as the introduction of life cycle investment restrictions in collective defined contribution plans. The Group's Dutch banking operations are particularly affected through requirements to assess the suitability of mortgage products for customers. Laws and regulations applied at a national level generally grant supervisory authorities broad administrative discretion over the Group's activities, including the power to limit or restrict business activities. Recently, the Dutch Minister of Security and Justice has started a consultation on a preliminary draft on Redress of Mass Damages in a Collective Action (see "Supervision and Regulation—Dutch Regulatory Framework—General—Collective Damages Action"). There is a risk that, in the future, it will be easier for customers to claim damages pursuant to collective actions. This could materially adversely affect the Group's business, results and financial condition.

Despite the Group's efforts to maintain effective compliance procedures and to comply with applicable laws and regulations, these compliance procedures may be inadequate or otherwise ineffective, including as a result of human or other operational errors in their implementation, and the Group might fail to meet applicable standards. The Group may also fail to comply with applicable laws and regulations as a result of unclear regulations, regulations being subject to multiple interpretations or being under development, or as a result of a shift in the interpretation or application of laws and regulations (including EU directives and regulations) by regulators. Failure to comply with any applicable laws and regulations could subject the Group to administrative penalties and publication thereof and other enforcement measures imposed by a particular governmental or self-regulatory authority, and could lead to unanticipated costs associated with remedying such failures (including claims from group customers) and adverse publicity, harm the Group's reputation, cause temporary interruption of operations, and could cause revocation or temporary suspension of the licence. Each of these risks, should they materialise, could have a material adverse effect on the Group's business, revenues, results and financial condition.

38. ***The Bank is subject to extensive and detailed banking and other financial services laws and regulations, including stringent requirements in respect of regulatory capital and liquidity. Any adverse changes in such laws and regulations and/or changes in the interpretation of existing laws and regulations and/or breach thereof, could have an adverse effect on the Group's business, results of operations, financial condition and prospects***

The Bank is subject to extensive and detailed banking and other financial services laws and regulations and to supervision by DNB and indirect supervision by the ECB. The timing and form of future changes in laws and regulations and/or changes in the interpretation of existing laws and regulations are unpredictable and beyond the control of the Group. Any such changes made could materially adversely affect the Group's banking business and therefore the Group.

The laws and regulations to which the Bank is subject include the Basel framework and European Banking Union framework. The latest changes in the Basel framework were translated into a directive (2013/36/EC, CRD IV) and a capital requirements regulation (EU No. 575/2013, CRR), together referred to as the "CRD IV framework". The CRD IV directive was implemented in Dutch law as of 1 August 2014. The CRR has been directly applicable since 1 January 2014, and has resulted in more stringent rules and, in comparison with the former Dutch framework, additional reporting requirements in relation to solvency supervision and liquidity supervision.

Under the CRD IV framework, the Bank is required to maintain minimum solvency and liquidity ratios, including a minimum total capital ratio (BIS solvency ratio). The level of capital the Bank is required to maintain is subject to certain requirements and is reviewed against risk-weighted assets. In addition, a leverage ratio will apply, likely as of 2017. Furthermore, rules relating to governance and the business operations of the Bank apply. As at 31 December 2015, the Bank's Common Equity Tier 1 ("**CET1**") regulatory ratio amounted to 20%. Non-compliance with any of these rules may trigger fines and/or regulatory intervention, including a requirement to raise more capital, which could harm the Group's reputation. In addition, the Bank may not be able to raise such capital at the time needed or in a cost efficient manner, which could materially adversely affect the Group. For example, on 2 March 2016, DNB notified the Bank of its intention to impose on the Bank an administrative fine in connection with the Bank's breach of minimum capital requirements. On 23 May 2016, DNB published its decision to impose a fine of €350,000 on the Bank (see also "Business—Legal Proceedings—Administrative Fine DNB Imposed on the Bank").

39. *The impact on the Group of recent and ongoing financial regulatory reform initiatives, including in respect of social security benefits, is uncertain*

Financial regulatory reform initiatives could have adverse consequences for the financial services industry generally, including the Group. Recent and ongoing regulatory reform initiatives include, amongst others:

- A new EU Insurance Distribution Directive will likely apply as of early 2018. Pursuant to the new directive, customer protection is extended to all distribution channels and additional requirements for transparency and information in respect of insurance products will be introduced in the Netherlands. Although the Company currently expects that the direct impact of the implementation of the new Insurance Distribution Directive on the Group will be limited, the implementation of the Insurance Distribution Directive may have an impact on the Dutch insurance distribution market and thereby may also affect the Group's distribution channels and, indirectly, the Group itself;
- The Dutch Financial Markets (Amendment) Decree 2016, which entered into force on 1 April 2016, introduced the commission ban for intermediaries offering and/or intermediating in premium pension institution (*premie pensioen instelling*) ("**IORP**") claims in the Netherlands. This extension of the commission ban may further jeopardize the business models of insurance intermediaries in the Netherlands. In addition, a commission ban in respect of unit-linked life insurance products for insurance companies was introduced. Pursuant to this ban, insurance companies may no longer receive commissions from alternative investment funds ("**AIFs**") or Undertakings for Collective Investment in Transferable Securities ("**UCITS**") managers for offering a life insurance product of which the benefits are expressed in participation in an AIF or a UCITS (see "Supervision and Regulation—Dutch Regulatory Framework—General—Commission Payment Rules");
- On 1 January 2016, the General Pension Fund Act entered into force. Pursuant to this act, a new type of pension fund, the general pension fund (*algemeen pensioenfonds*, "**APF**"), was introduced in the Netherlands. Due to the introduction of ring-fenced pension scheme bundling, it is expected that the APF will allow for faster consolidation of pension funds. It is expected that the APF will enable a new type of pension scheme bundling allowing for faster consolidation of two or more pension schemes. It is expected that the introduction of the APF will lead to increased competition in the Dutch pensions market. Although the Group has established an APF, the license for which is currently awaiting DNB approval, which is serviced by the Group, in order to compete in this market, there is the risk that the Group loses its market share in the Dutch pensions market to other APFs; and
- The Group is subject to laws, regulations and other measures concerning transactions in certain countries and regions, with certain individuals, under certain conditions or in certain situations, that may result in the imposition of significant penalties and reputational harm should the Group not fully comply with them. This includes anti-money laundering, anti-terrorist and sanctions laws, regulations and other measures imposed by the Dutch government, the EU and other countries, such as the United States and

the United Kingdom. The scope and content of (and penalties that may result from) these laws, regulations and other measures have in the past, and may in the future, change, with limited or no forewarning and with retroactive effect. Moreover, these laws, regulations and other measures are constantly developing and changing and are risk-based, which means that there is no certainty as to whether or not the Group fully complies with these rules. These laws, regulations and other measures may also adversely affect the Group's ability or appetite to do business with respect to certain types of customers and products or under certain conditions or in certain situations.

In addition, the Group's disability products are complementary to social security. Changes in the social security system or regulation may result in the need for insurers to introduce new products, change their existing products, and could make existing products redundant. Possible examples are the introduction of a mandatory public disability cover for the self-employed or limits on the coverage period for private sickness insurance from two years to one year for small employers and a WGA-ER cover extension to temporary employees after the "BeZaVa" law comes into force on 1 January 2017. This could lead to uncertainty when pricing new products, a shrinking portfolio, a loss of future profits and higher relative costs for the remaining portfolio, which in turn may negatively impact the Group's business, revenues, results and financial condition.

Although the full impact of the regulations described above cannot be determined, including any impact as a result of discretions granted to regulators, uncertainties as to the interpretation and implementation of the regulations by regulators and governmental bodies and, in the case of regulations that have not yet been finalised, until the content of the regulations themselves has become clear, many of their requirements could have material and adverse consequences for the financial services industry, including for the Group.

These regulations or changes therein could make it more expensive for the Group to conduct its business, require that the Group make changes to its business model, require that the Group satisfy increased capital requirements, necessitate time consuming and costly implementation measures, or subject the Group to greater regulatory scrutiny, which could, individually or in the aggregate, have a material adverse effect on the Group's business, revenues, results of operations, financial condition and prospects.

40. ***Litigation and regulatory investigations and sanctions may have a material adverse effect on the Group's business, revenues, results and financial condition***

The Group is subject to litigation, regulatory investigations and other actions in the conduct of its business, including in connection with its activities as insurer, bank, lender, employer, investor, real estate developer and tax payer. In most cases the Group is the defendant, although in some cases the Group is the claimant. In recent years, the financial services industry and financial products have increasingly been the subject of litigation, investigation and regulatory activity by various governmental, supervisory and enforcement authorities. The occurrence of litigation, investigation and/or regulatory activity could result in costly financial measures to be taken by the Group, adverse publicity and reputational harm. Also, this could lead to increased regulatory supervision, affect the Group's ability to attract and retain customers and maintain its access to the capital markets, result in cease-and-desist orders, claims, enforcement actions, fines and civil and criminal penalties, other disciplinary action, or have other material adverse effects on the Group in ways that are not predictable. Some claims may be brought by or on behalf of a class (see "Supervision and Regulation—Dutch Regulatory Framework—Collective Damages Action"), and claimants may seek large or indeterminate amounts of damages (see "—41. Holders of the Group's products where the customer bears all or part of the investment risk, or consumer protection organisations acting on their behalf, have filed claims or proceedings against the Group and may continue to do so. This litigation and/or actions taken by regulators or governmental authorities against the Group or other insurers in respect of these products (including unit-linked life insurance products), settlements, collective or otherwise, or other actions taken by other insurers and sector-wide measures could substantially affect the Group's insurance business and, as a result, may have a material adverse effect on the Group's business, reputation, revenues, results, solvency and financial condition"). The Group's reserves for litigation liabilities may prove to be inadequate. Claims and allegations, should they become public, need not be well founded, true or successful to have a negative impact on the Group's reputation. In addition, press reports and other public statements that assert some form of wrongdoing on the part of the Group or other large and well-known companies (including as result of financial reporting irregularities) could result in adverse publicity and in inquiries or investigations by regulators, legislators and law enforcement officials, and responding to these inquiries and investigations, regardless of their ultimate outcome, is time-consuming and expensive.

Litigation and rulings made by courts, including the European Court of Justice, or the Financial Services Complaints Board (*Klachteninstituut Financiele Dienstverlening* or *KIFID*) (the "**FSCB**"), adverse public attention, investigations and/or sanctions of supervisory authorities regarding other Dutch insurance companies and/or settlements made by other Dutch insurance companies could form a precedent and could also lead to the Group having to take costly financial measures that may have a material impact on the financial condition of the Group and/or have an adverse effect on the Group in ways that cannot be predicted at this time.

Adverse publicity, claims and allegations, litigation and regulatory investigations and sanctions may have a material adverse effect on the Group's business, revenues, results and financial condition in any given period. For a description of litigation concerning the Group, see "Business—Legal Proceedings". See also "Business—Examination Dutch Sanctions Act 1977".

41. ***Holders of the Group's products where the customer bears all or part of the investment risk, or consumer protection organisations acting on their behalf, have filed claims or proceedings against the Group and may continue to do so. This litigation and/or actions taken by regulators or governmental authorities against the Group or other insurers in respect of these products (including unit-linked life insurance products), settlements, collective or otherwise, or other actions taken by other insurers and sector-wide measures could substantially affect the Group's insurance business and, as a result, may have a material adverse effect on the Group's business, reputation, revenues, results, solvency and financial condition***

In the Netherlands, certain customers and/or consumer protection organisations acting on their behalf, have initiated litigation regarding individual unit-linked life insurance policies (*beleggingsverzekeringen*) and continue to do so. The issue came to light after the AFM performed industry-wide research in 2006 in which it identified issues regarding cost transparency and cost levels in unit-linked insurance products. Since the end of 2006, unit-linked products have received negative attention in the Dutch media, from the Dutch Parliament, the AFM and consumer protection organisations. Elements of unit-linked policies are being challenged or may be challenged on multiple legal grounds in current and future legal proceedings. In particular, challengers have claimed that the costs associated with the policies are too high and that the return on investment was not what was expected. The criticism of unit-linked products led to the introduction of compensation schemes by Dutch insurance companies that have offered unit-linked products. In 2008, the Group's life insurance companies reached an outline agreement with two main consumer protection organisations to offer compensation to their unit-linked policy holders. The main elements in this outline agreement were maximum costs charges and maximisation of risk premiums that could be charged in the individual unit-linked life insurance products. The Group compensated policy holders with individual unit-linked life insurance products whose costs and risk premiums exceeded the maximum cost charge. A full agreement on implementation of the compensation scheme was reached in 2012. The total recognised cumulative financial impact of costs relating to the compensation scheme for Individual Life in the Group's profit and loss account until 31 December 2015 was €1,046 million. This includes, amongst other things, compensation paid, amortisation of surrender penalties and costs relating to improved product offerings. The remaining provision in the balance sheet as at 31 December 2015 amounted to €160 million and is solely available to cover costs relating to the compensation scheme. On the basis of this agreement, the Group also offered consumers additional measures such as alternative products and less costly investment funds. In addition to the compensation scheme, the Group has implemented additional measures (*Flankerend Beleid*) including the 10 best-in-class principles of the Dutch Ministry of Finance (*source: Letter of 24 November 2011 of the Dutch Minister of Finance regarding 'Overzicht flankerend beleid beleggingsverzekeringen en Ombudsman Financiële Dienstverlening', FM/2011/9694 M*).

The agreement with the two consumer protection organisations is not binding for unit-linked policy holders. Consequently, neither the compensation schemes nor the additional measures taken by the Group prevent consumers and consumer protection organisations acting on their behalf from initiating legal proceedings against the Group and making claims for damages.

Currently, several legal proceedings regarding unit-linked life insurance products are pending before Dutch Courts, Dutch Courts of Appeal and the FSCB against the Group, most of them initiated by consumer protection organisations acting on behalf of individual policy holders. In general, customers and claims organisations have claimed, amongst others, that (a) the investment risk, costs charged or the risk premium was not, or not sufficiently, made clear to the customer at the time of the offering of the product, (b) the products sold to the customer contained specific risks that were not, or not sufficiently, made clear to the customer (such as the leverage capital consumption risk) or these specific risks were not suitable to

the customer's personal circumstances, (c) the Group had a duty of care towards individual policy holders which the Group has breached, (d) the general terms and conditions regarding costs were unfair, (e) the Group has not correctly executed the compensation scheme and/or (f) the product costs charged at the time of the initial sale and on an on-going basis were so high that the marketed expected return on investment was not realistically achievable. These claims may be based on general standards of contract or securities law, such as reasonableness and fairness, error, duty of care, or standards for proper customer treatment or due diligence and may be made by customers, or on behalf of customers, holding active policies or whose policies have lapsed, matured or been surrendered.

In recent years there has been and there continues to be adverse political, regulatory and public attention focused on unit-linked policies. This has resulted in negative sentiment regarding the products. In total the Group has sold approximately 1.1 million individual unit-linked life insurance policies, primarily in the period between 1995 and 2000. As of 31 December 2015, the book of policies of the Group included approximately 260,000 active individual unit-linked life insurance policies with recurring and/or single premiums. These unit-linked life insurance products of the Group have been sold over several decades by multiple predecessors of the Group. Consequently, the Group has a large variety of products with different product features and conditions.

Moreover, the Group has in the past in the Netherlands sold, issued or advised on large numbers of insurance or investment products that have one or more product characteristics similar to those individual unit-linked products that have been the subject of the scrutiny, adverse publicity and claims in the Netherlands. Given the continuous political, regulatory and public attention to the unit-linked issue in the Netherlands, the increase in legal proceedings and claim initiatives in the Netherlands and the legislative and regulatory developments in Europe to further increase and strengthen consumer protection in general, there is a risk that unit-linked products and other insurance and investment products sold, issued or advised on by the Group may become subject to the same or similar levels of political, regulatory and public attention claims or actions by consumers, consumer protection organisations, regulators or governmental authorities.

There is a risk that one or more of the aforementioned claims and/or allegations will succeed. Although a ruling by a court, including the European Court of Justice, against the Group or other Dutch insurance companies in respect of unit-linked products would only be legally binding for the parties that are involved in the procedure, such a ruling might be relevant or applicable to other unit-linked life insurance policies sold by the Group. A ruling may force the Group to take financial measures that could have a substantial impact on the financial condition, results of operations, solvency or the reputation of the Group. Because of the large variety of products and a lack of legal precedents, it is not possible to make a reliable estimation of the impact should one or more of these allegations and/or claims succeed. If one or more of these allegations and/or claims should succeed, the financial consequences could be substantial for the Group and as a result could have an adverse material effect on the Group's business, reputation, revenues, results of operation, solvency, financial condition and prospects.

Currently, unit-linked life insurance products continue to receive negative attention from Dutch media and consumers, consumer protection organisations as well as the Dutch Parliament. The Dutch supervisory authorities have had and continue to have a strong focus on unit-linked life insurance policies. In 2015, the adverse attention to unit-linked life insurance policies has also led to the introduction of a decree (*Algemene Maatregel van Bestuur*), pursuant to which the insurance companies can be sanctioned by the AFM if they do not meet the compulsory targets of approaching customers that have active unit-linked life insurance policies and prompting them to review their existing policies. See "Business" and "Business—Business Segments—Life Segment—Individual life—Unit-Linked/Universal Life Portfolio" for more information on the additional measures and the interim results on customer mobilisation.

The Group cannot predict the effect that the current trend towards legislation, litigation and investigation will have on the financial services industry or its business. Current and future investigations by supervisory authorities, in particular in the context of market conduct supervision, and/or possible additional legislative measures, could result in sanctions by supervisory authorities, require the Group to take costly measures in a manner that is adverse to the Group and its business. Sanctions by supervisory authorities could have an adverse impact on the Group's reputation. Changes to the pricing structure of any products resulting from legal or regulatory action, legal liability or a regulatory action could have a material adverse effect on the Group's business, revenues, results and financial condition. In addition, press reports and other public statements that assert some wrongdoing on the part of the Group or other large and well-known insurance companies could result in adverse publicity and in inquiries or investigations by regulators, legislators and law enforcement officials. The Group's reputation could suffer and it could also be fined or prohibited from engaging in some of its life insurance business activities or be sued by clients if it does not comply with applicable laws or regulations.

The Group's book of policies dates back many years, and in some cases several decades. Over time the regulatory requirements and expectations of various stakeholders, including customers, regulators and the public at large, as well as standards and market practice, have developed and changed, increasing customer protection. As a result, policyholders and consumer protection organisations have initiated and may in the future initiate proceedings against the Group alleging that products sold in the past fail to meet current requirements and expectations. In any such proceedings it cannot be excluded that the relevant court, regulator, governmental authority or other decision-making body will apply current norms, requirements, expectations, standards and market practices on laws and regulations to products sold, issued or advised on by the Group.

Litigation and rulings made by courts, including the European Court of Justice, or the FSCB, adverse public attention, investigations and/or sanctions of supervisory authorities regarding other Dutch insurance companies and/or settlements made by other Dutch insurance companies could form a precedent and could in this way also lead to the Group having to take costly financial measures that may have a material impact on the financial condition of the Group and/or have an adverse effect on the Group in ways that cannot be predicted at this time.

It is inherently difficult to predict the outcome of the pending and future claims, regulatory proceedings and other adversarial proceedings involving the Group or other insurance companies. Because of the variety of products and current lack of precedents, it is currently not possible to make a reliable estimation of the impact of such developments or events on the Group. One or more of the pending or future proceedings, additional measures taken by the Dutch legislator or supervisory authorities and/or adverse attention in the media regarding unit-linked life insurance policies could, by itself or in combination, have a material adverse effect on the Group's business, reputation, revenues, results, solvency and financial condition.

42. *The Group is exposed to the risk of mis-selling claims from customers who feel misled or treated unfairly*

The Group's products are exposed to mis-selling claims. Mis-selling claims are claims from customers who believe that they received misleading advice from advisers or intermediaries (internal and external) as to which products were most appropriate for them, or that the terms and conditions of the products, the nature of the products or the circumstances under which the products were sold were misrepresented to them. Products distributed through person-to-person sales forces have a higher exposure to mis-selling claims as the sales forces provide face-to-face financial planning and advisory services. The Group distributes its policies mostly through intermediaries. Customers (whether individual or group customers) who feel that they have been misled or misinformed have sought, and may in the future seek, redress for expectations that the advice or perceived misrepresentations created. Customers who are, for any reason, dissatisfied with their product may hold the insurance company accountable for the advice given by an intermediary, even though the intermediary gives advice on the basis of a mandate from the customer and the insurance company is legally not responsible for the advice given by an intermediary. Complaints or negative publicity may also arise in respect of any other aspect of the Group's business if customers feel that they have not been treated reasonably or fairly (whether or not this is accurate or well founded) or that the Group has not complied with its duty of care. Furthermore, customers' views of what is fair and reasonable could change over time. Due to changes in legislation and also for reasons of cost efficiency, the Group has taken and intends to take actions to simplify its current product portfolios, which may mean that the terms and conditions of its existing insurance contracts have to be harmonised and/or amended. While the Group seeks to minimise the impact of such amendments on its existing policyholders, there can be no assurance that customers (individually or on a collective basis) will not seek to void any such amendments or claim damages, which could in each case have an impact on the Group's business, reputation and/or financial condition.

The negative publicity associated with any sales practices, any compensation payable in respect of any such issues and regulatory changes resulting from such issues, have had and may continue to have a material adverse effect on the Group's business, revenues, results and financial condition.

43. *Risks relating to the Dutch Intervention Act (Wet bijzondere maatregelen financiële ondernemingen) could affect the Company's shareholders and the customers of the Group*

In June 2012, the Dutch Intervention Act (*Wet bijzondere maatregelen financiële ondernemingen*) came into force in the Netherlands, with retroactive effect from 20 January 2012 and by implementation through the Dutch Financial Supervision Act. The Dutch Financial Supervision Act grants far-reaching new powers to

DNB and the Dutch Minister of Finance to intervene in situations where an institution, including a financial group such as the Group, faces financial difficulties or where there is a serious and immediate risk to the stability of the Dutch financial system caused by an institution in difficulty. On 26 November 2015, the Dutch Financial Supervision Act has been amended as a result of the entry into force of the EU Directive on the recovery and resolution of credit institutions and investments firms, which was approved by the European Parliament on 15 April 2014 and of which the final text was published on 12 June 2014 (the "**BRRD**"), and the EU Regulation establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund, which became effective on 1 January 2016. However, the provisions of the Dutch Financial Supervision Act in respect of intervention for insurance companies have not changed pursuant to the implementation act which purports to implement the BRRD in the Dutch Financial Supervision Act.

Under implementation of the Dutch Intervention Act in the Dutch Financial Supervision Act, DNB and the Dutch Minister of Finance have substantial powers enabling them to deal with ailing Dutch insurance companies prior to insolvency. The measures allow them to commence proceedings which may lead to (a) the transfer of all or part of the business of an ailing insurance company to a private sector purchaser, (b) the transfer of all or part of the business of an ailing insurance company to an interim entity referred to as a "bridge entity", (c) the transfer of the shares in an ailing insurance company to a private sector purchaser or a "bridge entity" (options (a) through (c) are usually referred to as the "transfer tool"), (d) immediate intervention by the Dutch Minister of Finance concerning an ailing insurance company, and (e) public ownership (nationalisation) of (i) all or part of the business of an ailing insurance company or (ii) all or part of the shares or other securities issued by an ailing insurance company or its holding company. The Dutch Financial Supervision Act also contains measures that limit the ability of counterparties to invoke contractual rights (such as contractual rights to terminate or to invoke a right of set-off or to require security to be posted) if the right to exercise such rights is triggered by intervention of DNB or the Dutch Minister of Finance based on the Dutch Financial Supervision Act or by a circumstance which is the consequence of such intervention. In addition, the implementation of the BRRD regime in the Dutch Financial Supervision Act gives DNB similar recovery and resolution powers, including the power to write-off, write-down or convert shares in the Group's bank subsidiary and possibly the Company as the holding company of the bank subsidiary.

Furthermore, the Dutch Intervention Act has been amended through the Financial Markets (Amendment) Act 2016 (*Wijzigingswet financiële markten 2016*). Pursuant to this amendment, DNB will also have the possibility to use the transfer tool described further below in respect of the parent company of an insurance company. In addition, the Dutch Minister of Finance will have the right to directly expropriate claims (*vorderingsrechten*) of third parties in respect of the troubled institution.

There is a risk that the exercise of powers by DNB or the Dutch Minister of Finance under the Dutch Financial Supervision Act and the expected amendments thereto could have a material adverse effect on the performance by the failing institution, including the Group, of its payment and other obligations under debt securities, or result in the expropriation, write-off, write-down or conversion of securities such as shares and debt obligations issued by the failing institution or its parent, including the Group. In addition, the Group may be obliged to provide funds to assist in the transfer of an insurance portfolio of a competitor to a special purpose vehicle if that competitor faces financial difficulties.

44. ***The Company and its regulated subsidiaries are required to maintain significant levels of capital and to comply with a number of regulatory requirements relating thereto. If the Company or its regulated subsidiaries were in danger of failing, or fail, to meet regulatory capital requirements or to maintain sufficient assets to satisfy certain regulatory requirements, the supervisory authorities have broad authority to require them to take steps to protect policyholders and other clients and to compensate for capital shortfalls and to limit the ability of the Company's subsidiaries to pay dividends or distributions to the Company***

The Company and its regulated subsidiaries, including the Bank, are required to maintain significant levels of capital and to comply with a number of regulatory requirements relating thereto. The Bank must in addition thereto comply with solvency and liquidity requirements on an individual basis (see "—38. The Bank is subject to extensive and detailed banking and other financial services laws and regulations, including stringent requirements in respect of regulatory capital and liquidity. Any adverse changes in such laws and regulations and/or changes in the interpretation of existing laws and regulations and/or breach thereof, could have an adverse effect on the Group's business, results of operations, financial condition and prospects"). The Group's supervisory authorities could require it to take remedial action if the

supervisory authorities are of the view that the Company or any of its regulated subsidiaries breaches or is at risk of breaching any of the regulatory capital requirements. Amongst others, such breaches could arise as a result of regulatory requirements, or as a result of material adverse developments in the legal proceedings associated with the Dutch unit-linked policies or any of the legal and regulatory developments described above. In addition, the supervisory authorities could decide to increase the regulatory capital requirements of the Company or any of its regulated subsidiaries, or the level of the Group's regulatory capital may decrease as a result of a change or difference in the interpretation or application of principle-based regulatory requirements, including solvency requirements, by or between the Group and the supervisory authorities. In this regard, under Dutch law DNB has discretionary powers to give instructions on the interpretation of the principle-based regulatory requirements, including solvency requirements, and the application of the Company's funds to strengthen the capital position of its subsidiaries to levels above regulatory capital requirements, any of which may affect the ability of the Company to make distributions to shareholders. Remedial action could include working closely with the authorities to protect policyholders' interests and to restore the Company's or the individual subsidiary's capital and solvency positions to acceptable levels and to ensure that the financial resources necessary to meet obligations to policyholders are maintained. In taking any such remedial action, the interests of the policyholders would take precedence over those of shareholders. Measures taken to improve capitalisation, such as reduction of market risks or insurance risks, could impact the Group's profitability. Reduction of market risks would generally lead to a lower expected return on assets, and reduction of insurance risk through reinsurance would result in increased premium costs. In addition, the regulator may require the Group to use an internal model to calculate its solvency capital requirements, or the relevant risk modules thereof, if the risk profile changes, for instance due to an increase of the mortgage portfolio. This would lead to additional costs for the Group.

If the Group is unable to meet its regulatory requirements by redeploying existing available capital, it would have to consider taking other measures to protect its capital and solvency position. These measures might include divesting parts of its business, which may be difficult or costly or result in a significant loss. The Group might also have to raise additional capital in the form of subordinated debt or equity. Not being able to redeploy capital might affect planned capital downstreams to subsidiaries as well. For example, the Group expects to provide the Bank with additional funding to execute its strategy (see "Operating and Financial Review—Contingent and Other Off-Balance Sheet Liabilities") and an inability to redeploy capital to the Bank could lead to an additional risk for the execution of the strategy of the Bank.

Raising additional capital from external sources might be impossible due to factors outside the Group's control, such as market conditions, or it might be possible only on unfavourable terms. Such capital raising could also be detrimental to existing shareholders. Any of these measures could have a material adverse effect on the Group's business, revenues, results and financial condition. If the regulatory requirements are not met (because the Group could not take appropriate measures or because the measures were not sufficiently effective) the Group could lose any of its licences and hence be forced to cease some or all of its business operations.

The capital requirements applicable to the Group are subject to ongoing regulatory change. A breach of capital requirements may also limit the ability of a regulated subsidiary to pay dividends or distributions to the Company.

45. ***The EU has introduced Solvency II, a new regime governing solvency margins and provisions, the effects of which and the Dutch regulator's interpretation thereof are uncertain as of 1 January 2016. If the Group is not able to adequately comply with the Solvency II requirements, this could have a material adverse effect on its business, solvency, results and financial condition***

The EU has adopted a full scale revision of the solvency framework and prudential regime applicable to insurance, reinsurance companies and insurance groups through Solvency II. The framework for Solvency II is set out in the Solvency II Directive. In the Netherlands, the legislation implementing the Solvency II Directive came into force on 1 January 2016.

Solvency II is aimed at creating a new solvency framework in which the minimum amounts of capital that insurance and reinsurance companies are required to hold in order to cover the risks to which they are exposed better reflect such companies' specific risk profiles. Solvency II introduced economic risk-based solvency requirements across all Member States for the first time. While the previous directives concentrate mainly on the liabilities side (i.e. insurance risks) and include a relatively simple solvency

formula based on technical provisions and insurance premiums, Solvency II introduces more comprehensive solvency requirements, taking the asset-side risks into account more extensively, but also providing new and more detailed rules regarding governance, risk management, scenario analyses, stress testing and risks associated with the other entities within the group, including the entities that are unregulated. The new regime is a "total balance sheet" type regime where the insurers' material risks and their interactions are considered. In addition to these quantitative requirements ("**Solvency II Pillar 1**"), Solvency II also sets requirements for governance, risk management and effective supervision, including the obligation to perform an Own Risk and Solvency Assessment, ("**Solvency II Pillar 2**"), and disclosure and transparency requirements ("**Solvency II Pillar 3**").

Under Solvency II Pillar 1, insurers are required to hold own funds equal to or in excess of a solvency capital requirement ("**SCR**"). Solvency II categorises own funds into three tiers with differing qualifications as eligible available regulatory capital. Under Solvency II, own funds uses IFRS balance sheet items where these are at fair value and replaces other balance sheet items using market consistent valuations. The determination of the technical provisions and the discount rate to be applied will have a material impact on the amount of own funds required and the volatility of the level of own funds. The SCR is a risk-based capital requirement which is determined using either a standard formula (set out in the level 2 implementing measures), or, where approved by the relevant supervisory authority, an internal model. The internal model can be used in combination with, or as an alternative to, the standard formula as a basis for the calculation of an insurer's SCR. In the Netherlands, such a model must be approved by DNB. The Group has opted to report its required solvency using the standard formula and also uses ECAP for its internal capital management. A cost-benefit analysis led the Group to opt for the use of the standard formula. The Group, based on its annual Own Risk and Solvency Assessment ("**ORSA**"), believes that the use of an internal model, as opposed to the standard formula, would not have any material impact on the Group's capital requirements. Furthermore, the pre-application for the use of an internal model would have been a time-consuming process. DNB is expected to continue to monitor the suitability of the use of the standard formula, for example whether the standard formula accurately reflects the Group's risk profile. As part of the Group's ORSA a judgment is made as to whether the standard formula is suitable. The results of this judgment could influence the Company to develop a partial or full internal model that management believes better reflects the Group's risk profile. If DNB finds that the use of the standard formula by the Group is no longer suitable, the Group may be required to develop a partial or full internal model. Developing and maintaining such an internal model would lead the Group to incur additional costs and could lead to a lower Solvency II ratio, which may adversely affect the Group's ability to implement its business plan or distribute capital and may require it to take remedial action.

Although Solvency II became effective on 1 January 2016, and Solvency II numbers are based on an agreed procedure, there remains uncertainty about the interpretation of Solvency II in the Dutch insurance market. In addition, further changes and reviews are planned. For instance, during 2016, the UFR, currently part of the Solvency II framework, will be reviewed and in 2018 EIOPA will conduct a full review of Solvency II. The UFR for pension funds was revised downwards in July 2015. If the UFR that the Group uses to determine its Solvency II level is revised downwards, this could have a material adverse effect on the Group's solvency levels in particular if interest rates do not increase from current levels (see also "Supervision and Regulation—Solvency II Directive"). For example, as at 31 December 2015, based on management estimates, a 1% decrease in the UFR would have lowered the Solvency II ratio of the Group by 17 percentage points (see also "Operating and Financial Review—Capital Requirements—Solvency II" and "The Group's Consolidated Financial Statements as of and for the Year Ended 31 December 2015—Risk Management").

In some cases the Dutch supervisor could implement a stricter interpretation compared to supervisors in other countries, possibly resulting in a (significant) adjustment of Solvency II figures. Examples are the review and potential change in the UFR, the assumptions for the loss absorbing capacity of deferred tax, the charge for mortgages and the expense assumptions in the Solvency II calculations. In addition, although the Group believes the assumptions and interpretation it uses for the Solvency II calculations are correct (i.e. performed according to the Solvency II regulation), it is possible that the regulator may require changes in these assumptions or interpretations and such changes could be required for future years or periods even if not required for the most recently completed period. For instance, the regulator may consider that the loss absorbing capacity of deferred tax as included in the calculation needs to be adjusted downwards, or that the counterparty risk module does not satisfactory reflect all the risks of the Group's mortgage portfolio. As at 31 December 2015, based on management estimates, a 25% decrease of the loss absorbing capacity of deferred taxes ("**LAC DT**") would have had a negative impact of

approximately 12 percentage points on the Group's Solvency II ratio and a LAC DT factor of zero would have had a negative impact of approximately 22 percentage points on the Group's Solvency II ratio as at 31 December 2015. A LAC DT factor of 50% is used for the Group as at 31 December 2015. Furthermore, a changing methodology for the treatment of future expenses and future management actions (such as en-bloc increases of premiums) within the Solvency II calculation could have a negative effect on the Solvency II figures. In 2018, the entire SII framework will be reviewed by EIOPA. Any of the foregoing events or other changes as a result of such review could have a material adverse effect on the Group's business, solvency, results and financial condition.

Given the possibility of further changes to the regime, the effects of Solvency II on the Group's business, solvency margins and capital requirements are uncertain but could be material. While the aim of Solvency II is to introduce a harmonised, risk-based approach to solvency capital, there is the risk that regulators introduce capital add-ons or strict, unexpected parameters for internal models, or that a lack of proper management information due to uncertainty about the regulatory changes could lead to insufficient solvency levels once those changes are applied. In addition, as it is currently unknown how much capital the Group must set aside, there is a risk that the Group could underestimate or over-estimate its capital position, which in turn could result in incorrect investment and risk return decisions. If changes in the regime lead to insufficient solvency levels, there is a reputational risk which could limit the Group's ability to access the capital markets.

Solvency II and double leverage, the ratio between Group equity and the total equity value of the Group's subsidiaries on an unconsolidated basis, are expected to become the subjects of increasing focus and attention at various regulatory levels going forward. Should the Group not be able to adequately comply with the Solvency II requirements in relation to capital (including with respect to grandfathering of existing subordinated loan structures), risk management, documentation and reporting processes, this could have a material adverse effect on its business, solvency, results and financial condition.

46. ***The Group is subject to stress tests and other regulatory enquiries. Stress tests and the announcement of the results by regulatory authorities can destabilise the insurance sector and lead to a loss of trust with regard to individual companies or the insurance sector as a whole. Such stress tests, and the announcement of the results, could negatively impact the Group's reputation and financing costs and trigger enforcement actions by regulatory authorities***

In order to assess the level of available capital in the insurance sector, national and supra-national regulatory authorities (such as EIOPA) require solvency calculations and conduct stress tests where they examine the effects of various adverse scenarios on insurers (for example a strong decline in interest rates). In addition, regulators have carried out a number of studies on the quantitative effects of proposed changes to capital rules in the recent past, particularly with regard to the Solvency II Directive. In addition, if any of the regulated insurance companies within the Group does not meet the solvency capital requirements, it must set up a recovery plan to ensure that the solvency capital requirements will be met within a period of six months. The insurance company must file this plan with DNB. Another measure the Group may be required to take in this scenario could be the reduction of risks. Reduction of market risks could lead to lower expected return on assets, where reduction of insurance risk through reinsurance could lead to increased reinsurance premium costs. Announcements by regulatory authorities that they intend to carry out stress tests can destabilise the insurance sector and lead to a loss of trust with regard to individual companies or the insurance sector as a whole. In the event that the Group's results in such a calculation or test are worse than those of its competitors and these results become known, this could also have adverse effects on the Group's financing costs, customer demand for the Group's products and the Group's reputation. Furthermore, a poor result by the Group in such calculations or tests could influence regulatory authorities in the exercise of their discretionary powers.

47. ***Changes in tax law may render the Group's products less attractive or otherwise negatively affect the Group***

Some of the Group's products are attractive to clients because they afford certain tax benefits. For example, individual life insurance policyholders can under certain conditions deduct their premium payments from their taxable income. Furthermore, mortgage borrowers in the Netherlands can under certain conditions deduct their interest payments under residential mortgage loans from their taxable income. Changes in tax laws or the interpretation thereof or changes in rates of taxation could have a material adverse effect on the attractiveness of the Group's products and therefore its business, revenues, results and financial condition.

Furthermore, the tax laws and regulations in the Netherlands, the jurisdiction of the Group's incorporation and the Group's resident state for tax purposes, may be subject to change and there may be changes in enforcement of tax law. Additionally, European tax laws and regulations are complex and subject to varying interpretations. The Group cannot be sure that its interpretations are accurate or that the responsible tax authority agrees with its views. If the Group's tax positions are challenged by the tax authorities, the Group could incur additional tax liabilities, which could increase the Group's costs of operations and have an adverse effect on the Group's business, revenues, results and financial condition.

Further changes in tax laws could arise as a result of the base erosion and profit shifting ("**BEPS**") project being undertaken by the Organisation for Economic Co-operation and Development ("**OECD**"). The OECD is undertaking studies and publishing action plans that include recommendations aimed at addressing what they believe are issues within tax systems that may lead to tax avoidance by companies. It is possible that in reaction to the BEPS tax legislation will be enacted that could adversely affect the Company or the Company's shareholders through increasing the Company's tax liabilities. Further changes in the tax laws of the EU jurisdictions in which the Group operates could arise if the proposed directive against perceived tax avoidance practices that directly or indirectly affect the functioning of the internal market (2016/011 (CNS)) is adopted. On 28 January 2016, the EC published the proposed directive. The adoption of this directive is uncertain and it may be altered prior to its adoption.

48. ***The Group has recognised a net deferred tax asset on its balance sheet***

As at 31 December 2015, the Group has recognised on its consolidated balance sheet €516 million of deferred tax assets (after netting with deferred tax liabilities that can be offset). Deferred tax assets represent the tax benefit of future deductible differences and (realised) differences in the past between the book and tax value of assets and liabilities. The Group may not be able to use deferred tax assets, among other things, as a result of not having sufficient future taxable profits or a lower statutory tax rate. The Group realised capital gains in the past on bonds, interest rate swaps and swaptions, which for commercial purposes are shadowed (i.e., are added to the technical provision). These gains will be released to the commercial profit and loss account depending on, among other things, the duration of the underlying bonds. For fiscal purposes these gains are already realised and released to the tax profit and loss account. At the moment of realisation for commercial purposes, gains will be released to the commercial profit and loss account. For the difference in timing of reporting between the commercial and tax profit and loss account, the Group has reported a deferred tax asset.

FINANCIAL REPORTING RISKS

49. ***Changes in accounting standards or policies could have a material adverse effect on the Company's reported results and shareholders' equity***

Since 2005, the Group's financial statements have been prepared and presented in accordance with IFRS—including the International Accounting Standards ("**IAS**") and Interpretations—as adopted by the EU.

Therefore, the Group is required to adopt new or revised accounting standards issued by recognised authoritative bodies, including the International Accounting Standards Board ("**IASB**"), periodically.

The following are the most important changes in the IFRS standards, effective after 1 January 2015, which have been issued by the IASB, however not yet officially endorsed by the EU:

- IFRS 9 Financial Instruments (issued on 24 July 2014; effective 1 January 2018);
- IFRS 15 Revenue from Contracts with Customers (issued on 28 May 2014; effective 1 January 2018); and
- IFRS 16 Leases (issued on 13 January 2016; effective 1 January 2019).

The consequences of these changes, including as a result of choices made by the Group on implementation of these changes, are expected to be material, however, they cannot be reliably estimated or quantified at this point.

The IASB currently has a project in place for the development of a new IFRS for insurance contracts (IFRS 4). The planning of this project to date is such that the IASB expects to issue the IFRS in 2016; however, the requirements, impact, implementation date and publication date in 2016 are uncertain. Any future changes in IFRS requirements, including those applicable to insurance contracts, could change the

current accounting treatment that applies to the Group's financial statements, which could have a material adverse effect on the Group's reported results, financial condition and shareholders' equity.

The accounting principles used in Solvency II for the available solvency capital are based on fair value principles generally valued in accordance with IFRS as adopted by the EU. Where the valuation method differs between IFRS as applied by the Group and Solvency II are listed below:

- Loans & receivables (including mortgages and the 'Spaarlossen') are not valued at fair value but at amortized cost under IFRS;
- Valuation of insurance liabilities under Solvency II is based on the sum of the best estimate (expected cash flow value including the value of options and guarantees) and the risk margin (in accordance with the cost of capital method);
- Reinsurance recoverables, which are amounts that can be collected from reinsurers, are estimated using a method that is in line with the reinsurance contract;
- Subordinated liabilities and other financial liabilities are not valued at fair value but at amortised cost under IFRS; and
- Deferred taxation related to the above-mentioned differences between Solvency II and IFRS valuation.

50. ***The Group's reserves for liabilities arising from insurance contracts reflected in its IFRS financial statements to pay insurance and other claims, now and in the future, could prove inadequate, which could require that the Group strengthen its reserves, which may have a material adverse effect on the Group's business, revenues, results and financial condition***

The Group determines the amount of reserves for insurance liabilities using actuarial methods and statistical models, which use assumptions. For the Group's life insurance business, the assumptions for reserves for insurance liabilities are locked-in when the policy is issued although additional amounts are added to the reserves for insurance liabilities to strengthen them, such as an additional longevity. The assumptions for the non-life insurance business are periodically updated for recent experience, information and insights into claims developments, which creates volatility in results of operations.

Additionally, the Group applies shadow accounting. Under certain conditions, IFRS 4 permits insurers to mitigate an accounting mismatch which occurs when unrealised gains or losses on assets backing insurance contracts affect the measurement of the reserves for insurance liabilities. This relief is commonly referred to as shadow accounting. In applying shadow accounting, unrealised value changes in fixed-income financial assets available for sale are added to equity (other comprehensive income or "**OCI**") and then via shadow accounting extracted from equity and added to the reserves for insurance liabilities. In a similar manner unrealised value changes in specific financial assets designated at fair value through profit and loss, and specific derivatives designated as held for trading with movements recognised in the income statement, are via shadow accounting extracted from fair value gains and losses and added to the reserves for insurance liabilities. When unrealised gains on which shadow accounting has been applied become realised capital gains, shadow accounting is no longer applied and realised gains recognised in the income statement are matched by an equal increase in the reserves for insurance liabilities. As a result, the realisation of capital gains of investments on which shadow accounting has been applied has no impact on the operating or net profit of the Group. As such, through the use of shadow accounting unrealised value changes in financial assets backing reserves for insurance liabilities affect the measurement of the financial assets and reserves for insurance liabilities in the same way, regardless of whether they are realised or unrealised and regardless of whether the unrealised investment gains and losses are recognised in profit or loss or in OCI using a revaluation reserve.

There are differences in the manner, methodology, models and assumptions used by insurance companies in calculating the liability adequacy test ("**LAT**"). The LAT applied by the Group is based on management best estimates on future developments of markets, insurance claims and expenses. At the date of this Prospectus, the Group believes that its aggregate reserves for insurance liabilities are adequate. There can be no assurance that the reserves for insurance liabilities will remain adequate in the future and that no additional charges to the income statement will be necessary. Furthermore, one or more of the assumptions underlying the LAT of the Group could prove to be incorrect and management may change one or more of the assumptions affecting the outcome of the LAT, which in each case may make it necessary for the Group to set aside additional reserves.

Under its current policy, if the LAT shows that current reserves for insurance liabilities are not adequate, the Group must strengthen its reserves for insurance liabilities in order to reach the respective adequacy levels, which may have a material adverse effect on the Group's business, revenues, results and financial condition.

3. Risks Relating to the Group's Structure

51. *The interests of NLFI and the Dutch State may be inconsistent with the interests of the other shareholders of the Company*

Immediately after Settlement, NLFI, on behalf of the Dutch State, will hold 60% of the Company's issued share capital (assuming full placement of the Offer Shares and full exercise of the Over-Allotment Option). As a result, NLFI and the Dutch State will continue to be able to influence or control matters requiring approval by the general meeting of the Company, being the corporate body or, where the context so requires, the physical meeting of shareholders (the "**General Meeting**") and NLFI may vote its Shares in a way with which the other shareholders—that may have a more long term or short term investment view—do not agree, for example, in relation to whether or not the Company should distribute dividends or dispose of businesses.

Moreover, pursuant to the relationship agreement entered into on 30 May 2016 between the Company and NLFI (the "**Relationship Agreement**") NLFI will continue to be able to influence certain of the Company's corporate and management decisions. NLFI has a right of prior approval for certain Executive Board decisions, including decisions regarding significant investments or disinvestments and decisions regarding the issue of (or granting of rights to acquire) Shares. Furthermore, NLFI has a right to advise on (i) the appointment of the chairman of the Supervisory Board (the "**Chairman**"), (ii) the appointment or reappointment of any member of the Executive Board, (iii) the appointment of the chairman of the Executive Board (the "**CEO**") and (iv) the appointment of the auditor. Changes to the profile for the Supervisory Board require NLFI's prior approval. See for more information "Shareholder Structure and Related Party Transactions—Relationship Agreement". NLFI's influence over the Company is expected to gradually reduce over the years as a result of the planned reduction of its ownership in the Company. Certain rights of approval will cease to apply when NLFI no longer holds 50% or one-third of the Shares, respectively. See for more information "Shareholder Structure and Related Party Transactions—Relationship Agreement—Corporate Governance" and "Shareholder Structure and Related Party Transactions—Relationship Agreement—Orderly Market Arrangements".

There is a risk that NLFI might seek to exert influence over the Group and may disagree with certain decisions of the Executive Board relating to the Group. According to its articles, when exercising its rights as a shareholder, NLFI shall primarily take into account the financial and economic interests of the Dutch State, taking into account the interests of the Company, its business and employees. The interests of NLFI may not always be aligned with the interests of the other shareholders of the Company. Furthermore, NLFI and the Dutch State also have interests in other Dutch financial institutions and the Dutch State has an interest in the health of the Dutch insurance industry and other industries generally and those interests may not always be aligned with the interests of the Group or the other shareholders of the Company. In addition, the market price of the Shares may be materially and adversely affected by a significant sale of Shares by NLFI.

As with any (future) shareholder, NLFI's interests may not always be consistent with the interests of the Company or its other shareholders (whose interests and actions cannot be predicted or controlled by the Company), for example in respect of the distribution of dividends or the Group's remuneration policy. NLFI may sell a significant portion of its remaining interest in the Company to a third party, as a consequence of which there may be a significant shareholder in the General Meeting, whose interests may not always be aligned with the interests of the Group or the other shareholders of the Company. If, as a result of such a sale, a third party would obtain an interest or control of 10% or more (a "**Qualifying Participation**") in the Company, such third party would require a declaration of no-objection (*verklaring van geen bezwaar*) by the relevant supervisory authority, i.e. DNB in respect of the Group's insurance operations and IORP subsidiaries and the ECB in respect of the Bank. Please see "Shareholder Structure and Related Party Transactions—Relationship Agreement—Orderly Market Arrangements" for more information regarding the arrangements between the Company and NLFI regarding future sell downs of its interest in the Company and "—Dutch Regulatory Framework—Insurance and Insurance-Related Regulation—Structural Supervision" for more information regarding the declaration of no-objection requirement.

52. ***Future sales or the possibility of future sales of a substantial number of Shares by NLFI may materially and adversely affect the market price of the Shares***

Following the completion of the Offering, NLFI will hold 60% of the Company's issued share capital (assuming full placement of Offer Shares and full exercise of the Over-Allotment Option). Although NLFI has agreed to certain restrictions on selling or otherwise disposing of the Shares for a lock-up period of 180 days after the Settlement Date, the Shares held by NLFI upon expiry of such period will thereafter be freely transferable, subject to certain orderly market arrangements as set out in the Relationship Agreement (see also "Shareholder Structure and Related Party Transactions—Relationship Agreement"). Furthermore, the Joint Global Coordinators may consent to waive these restrictions during the lock-up period. The Dutch Minister of Finance has expressed that the Dutch State, through NLFI, will eventually fully phase out its interest in the Company in multiple tranches. The market price of the Shares could decline if, following the Offering, substantial numbers of Shares are sold by NLFI in the public market or if there is a perception that such sales could occur. In addition, such sales by NLFI could make it more difficult for the Company to raise capital through the issue of equity securities in the future.

53. ***The Group, its operations and its management may continue to come under the public spotlight from time to time for as long as the Dutch State has an indirect economic interest in the Company***

NLFI, on behalf of the Dutch State, is expected to remain a major shareholder of the Group for the foreseeable future. As a result, the Group, its operations and its management are expected to continue to be subject to public scrutiny from time to time and may come under pressure to change aspects of its corporate governance, policies and certain operations or to review past practices and it is likely that this scrutiny will be more rigorous than that to which its competitors are exposed. This may force the Group to spend potentially significant amounts of management time and incur significant expense in responding to such additional public scrutiny. In addition, the market price of the Shares may be more sensitive to the results of public scrutiny and negative publicity than market prices of shares of the Group's competitors.

4. Risks Relating to the Shares and the Offering

RISKS RELATING TO THE SHARES

54. ***The Company's ability to pay dividends to shareholders may be constrained***

Because the Company is a holding company that conducts its operational business through its subsidiaries, the Company's liquidity and its ability to pay dividends depends directly on the Company's operating subsidiaries' distributions of earnings to the Company or their making available funds to the Company in other manners. For more information, see "Dividend Policy". In addition, as an equity investor in its subsidiaries, the Company's right to receive assets upon their liquidation or reorganisation will be effectively subordinated to the claims of creditors of its subsidiaries. To the extent that the Company is recognised as a creditor of such subsidiaries, the Company's claims may still be subordinated to any security interest in, or other lien on, their assets and to any of their debt or other obligations that are senior to the Company's claims. The ability of the Group's subsidiaries to pay dividends and make funds available in other manners and the Company's ability to receive distributions from its investments in other entities is subject to applicable local laws and other restrictions, including regulatory, capital and leverage requirements, statutory reserves, financial and operating performance, and applicable tax laws. These laws and restrictions could limit the payment of dividends and distributions to the Company by its subsidiaries, which could in time restrict the Company's ability to pay dividends to its shareholders.

In addition, the Company's dividend policy and the intended payment of dividend are without prejudice to the absolute discretion of the Executive Board to elect not to make dividend payments or to make higher or lower dividend payments than previously indicated, and may be limited, restricted or prohibited, including by the competent supervisory authority, if this measure is required or deemed required to strengthen the Group's capital position.

Any dividend proposal is expected to take into account considerations including capital, leverage and liquidity requirements and other regulatory requirements or constraints and internal policy considerations, such as strategy, future income, profits, resources available for distribution, financial conditions, growth opportunities, the outlook of the Company's business, its short-term and long-term viability, general economic conditions, and any circumstances that the Executive Board may deem relevant or appropriate, including additional capital and liquidity buffers deemed adequate in furtherance of the Group's moderate risk profile. See "Dividend Policy—Reservation and Dividend Policy".

Any of these factors, individually or in combination, could cause the Company to amend its dividend policy or restrict its ability to pay dividends on the Shares. In addition, the Company issued certain capital securities, which contain conditions that may impede the payment of dividends. If dividends were not to be paid in the future, capital appreciation, if any, would be the only source of gains for investors. This fact could have a material downward effect on the price of the Shares.

A statement of joint and several liability under Section 2:403 of the Dutch Civil Code (the "**403-Declaration**") has been issued by the Company for its consolidated subsidiaries (see the table under "Business—Group Structure; Recent Acquisitions and Disposals" for a list of these subsidiaries, the "**Exempted Subsidiaries**"). Based on the 403-Declaration, (i) the Company accepts liability for the debts ensuing from the legal acts of the Exempted Subsidiaries and (ii) an exemption could be provided to the Exempted Subsidiaries from the obligation to publish annual accounts in respect of financial years ending before 2016. Due to a recent change in laws and regulations, the Exempted Subsidiaries can no longer benefit from this exemption. As a consequence, starting with the financial year 2016, the Exempted Subsidiaries will be required to publish their own annual accounts.

The Company has the right to withdraw the 403-Declaration at any time by depositing a declaration to this effect with the Chamber of Commerce (*Kamer van Koophandel*). Nevertheless, such liability shall continue to be in place in respect of obligations arising from legal acts which are performed before the withdrawal could be invoked against a creditor. The Company can also file a notice of its intention to terminate its remaining liability after withdrawal of the 403-Declaration. Such remaining liability will terminate if certain conditions are met, *inter alia*, that (i) these subsidiaries no longer belong to the same group as the Company and (ii) a two months' notice period has expired and the relevant creditor has not opposed the Company's intention to terminate in time or such opposition was dismissed by the court.

Furthermore, pursuant to the Dutch Financial Supervision Act, insurance companies are required to obtain a declaration of no-objection (*verklaring van geen bezwaar*) from DNB, if they want to reduce its own funds by means of (a) repayment of capital or (b) pay-out of reserves, while the insurance company does not meet its SCR (i) at the date of distribution or (ii) when it is foreseeable that the insurance company will not meet its SCR in the coming 12 months. As from 2016, the legal framework for insurers consists of the Solvency II framework. The statutory standards of supervision under Solvency II are set at 100%.

If an insurance company wants to reduce its own funds (by means of (a) repayment of capital or (b) pay-out of reserves) while the insurance company does not meet its SCR (i) at the date of distribution or (ii) when it is foreseeable that the insurance company will not meet its SCR in the coming 12 months as mentioned above, it will need a declaration of no-objection from DNB. Consequently, non-compliance or expected non-compliance with the SCR could affect the Group's dividend distributions and the ability of the Group to repay subordinated loans, as this would imply a repayment of capital or pay-out of reserves respectively.

When paying dividends, the Company may decide to offer a choice between a cash or a stock dividend. In such case, the interest in the Company of investors choosing a cash dividend may be diluted.

See "Taxation—Taxation in the Netherlands—Withholding Tax for certain tax consequences of dividends".

55. *The Company may in the future seek to raise capital by conducting equity offerings, which may dilute investors' shareholdings in the Company*

The Company may in the future, subject to the lock-up arrangements in the underwriting agreement dated 30 May 2016 between the Company, the Selling Shareholder and the Joint Global Coordinators (on behalf of themselves and the other Underwriters) (the "**Underwriting Agreement**"), seek to raise capital through public or private debt or equity financings by issuing additional Shares or other shares, debt or equity securities convertible into Shares or rights to subscribe for these securities and exclude the statutory pre-emption rights pertaining to the then outstanding Shares. In the Underwriting Agreement, each of the Company and the Selling Shareholder has agreed that, without the prior written consent of the Joint Global Coordinators (acting on behalf of the Underwriters), which consent shall not be unreasonably withheld, it will not, and in the case of the Selling Shareholder will not cause the Company to, from the date of the Underwriting Agreement until 180 days after the Settlement Date, subject to certain exceptions (see "Plan of Distribution—Lock-up Arrangements—Company Lock-up"), (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares in the capital of the Company or any securities convertible into or exercisable or exchangeable for such shares

in the capital of the Company (including Shares) or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of shares in the capital of the Company or Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of shares, Shares or such other securities, in cash or otherwise. Although the Company and the Selling Shareholder have agreed to the above restrictions, the Joint Global Coordinators (on behalf of the Underwriters) may consent to waive these restrictions during the lock-up period, and may not unreasonably withhold their consent. Any additional capital raised through the issue of additional Shares may dilute an investor's shareholding interest in the Company. Furthermore, any additional financing the Company may need may not be available on terms favourable to the Company or at all, which could adversely affect the Company's future plans. Any additional offering of shares by the Company, or the public perception that an offering may occur, could also have a material adverse effect on the market price of the Shares and could increase the volatility in the market price of the Shares.

On 27 May 2016, the General Meeting designated the Executive Board as the body authorised, subject to the approval of the Supervisory Board, to issue Shares, to grant rights to subscribe for Shares and to limit or exclude statutory pre-emption rights in relation to such issuances of Shares or granting of rights to subscribe for Shares. The authorisation of the Executive Board is limited to up to a maximum of 10% of the Company's issued share capital (determined as at the Settlement Date), may not be used to distribute dividends in the form of Shares and is valid for a period of 18 months following the Settlement Date.

56. ***The holding and acquisition of the Shares or Preferred Shares may require notifications to and approvals from competent authorities, which could impede the Company's future efforts to raise additional capital, discourage takeover attempts and impair the market value of the Shares***

As certain of its subsidiaries are regulated entities, the Company is subject to certain regulations regarding changes in ownership or control and material changes in operations. For example, pursuant to the Dutch Financial Supervision Act, a declaration of no-objection by DNB is required for any holding, acquisition or increase of a direct or indirect interest of 10% or more of the Company's outstanding capital or voting rights. Failure to obtain a declaration of no-objection is an economic offence and could lead to criminal prosecution. In addition, such failure could lead to a cancellation of the relevant transaction in the Shares or preferred shares (*preferente aandelen*) of the Company (the "**Preferred Shares**") and in certain circumstances could result in the annulment of resolutions that have been passed in a General Meeting. DNB has the power to make any declaration of no-objection subject to restrictions and requirements, including in respect of such matters as corporate governance, restructurings, mergers and acquisitions, financing and distributions. The Company may be subject to similar restrictions in other jurisdictions in which it operates. See also "Supervision and Regulation—Dutch Regulatory Framework". As a result of these regulations, the Company's future efforts to raise additional capital may be delayed or prohibited.

Furthermore, such regulations could discourage a takeover attempt and so impair the ability of shareholders to benefit from a change in control and realise any potential change of control premium. This may adversely affect the market price of the Shares.

57. ***The price of the Shares may be volatile and may be materially and adversely affected by market conditions and other factors beyond the Group's control***

In addition to the other factors mentioned in "—Risks Relating to the Shares" and "—Risks Relating to the Group's Structure" above, certain factors that may adversely affect the market price of the Shares or cause the market price of the Shares to fluctuate are:

- the Group's operating and financial performance and prospects;
- announcements by the Group, or announcements by competitors, regarding new products or services;
- enhancements, significant contracts, acquisitions or strategic investments;
- adverse developments in the legal or other proceedings (including those related to individual Dutch unit-linked policies) or negative publicity associated therewith;
- changes in investors' perceptions of the Group, and the attractiveness of the Shares, in each case relative to peer group companies of the Group;
- changes in earnings estimates or recommendations by securities analysts who cover the Shares;

- any listing of peer group companies of the Group (including companies that were de-listed during the financial crisis following the nationalisation of those companies, such as SNS REAAL);
- fluctuations in the Company's consolidated annual or interim financial results, or the (annual or interim) financial results of companies perceived to be similar to the Company;
- changes in the Company's share capital structure, such as future issues of Shares and other securities, sales of significant numbers of Shares by shareholders (including NLFI) or the incurrence of additional debt;
- departures and/or changes in key personnel;
- events that adversely affect the Group's reputation and brands;
- changes in general economic and market conditions;
- changes in industry conditions or perceptions or changes in the market outlook for the insurance industry; and
- changes in applicable laws, rules or regulations, as well as regulatory actions, such as punitive measures or other sanctions, affecting the Group.

Equity markets have experienced significant price and volume fluctuations in recent years. The market prices of shares of insurance and financial services companies have experienced fluctuations that have often been unrelated or disproportionate to the operating results of these companies. These market fluctuations could result in extreme volatility in the price of the Shares.

58. *Shareholders outside the Netherlands may not be able to exercise statutory pre-emption rights in future offerings and therefore may suffer dilution*

In the event of an increase in the Company's share capital, holders of Shares are generally entitled to full statutory pre-emption rights unless these rights are excluded either by a resolution of the General Meeting at the proposal of the Executive Board, with the approval of the Supervisory Board, or by a resolution of the Executive Board with the approval by the Supervisory Board (if the Executive Board has been designated by the General Meeting or the articles of association of the Company as they will read following their amendment prior to the Settlement Date ("**Articles of Association**") for this purpose). However, certain holders of Shares outside the Netherlands may not be able to exercise statutory pre-emption rights unless local securities laws have been complied with.

US holders of Shares may not be able to exercise their statutory pre-emption rights or participate in a rights offer, as the case may be, unless a registration statement under the US Securities Act is effective with respect to such rights or an exemption from the registration requirements is available. The Company intends to evaluate at the time of any issue of Shares subject to statutory pre-emption rights or in a rights offer, as the case may be, the costs and potential liabilities associated with any such registration statement, as well as the indirect benefits to it of enabling the exercise of US holders of their statutory pre-emption rights to Shares or participation in a rights offer, as the case may be, and any other factors considered appropriate at the time and then to make a decision as to whether to file such a registration statement. The Company cannot assure investors that any registration statement would be filed as to enable the exercise of such holders' statutory pre-emption rights or participation in a rights offer.

59. *Influence of the shareholders on the composition of the Supervisory Board and the Executive Board may, among other factors as a result of the Dutch structure regime or the Relationship Agreement, differ from other Dutch companies, and from companies in other jurisdictions*

The Dutch structure regime (*volledig structuurregime*) will apply to the Company prior to the Settlement Date. Accordingly, the Company will be obliged by Dutch law to have a supervisory board and major strategic and organisational decisions taken within the Company require the approval of its Supervisory Board. The members of the Executive Board will not be appointed by the General Meeting but by the Supervisory Board. Furthermore, subject to the provisions of the Relationship Agreement, the General Meeting appoints the members of the Supervisory Board on the nomination of the Supervisory Board. The General Meeting may reject that nomination by an absolute majority of the votes cast by shareholders representing at least one-third of the Company's issued share capital. If the shareholders withhold their support of a candidate by absolute majority, but this majority did not represent at least one-third of the issued share capital, a new meeting may be convened where the nomination may be rejected by absolute

majority of the votes cast. In that case, the Supervisory Board shall draw up a new nomination. If the General Meeting does not appoint the person nominated and does not pass a resolution rejecting the nomination, the Supervisory Board shall appoint the person nominated.

Furthermore, the General Meeting and the works council (*ondernemingsraad*) (the "**Works Council**") both have a right of recommendation regarding the appointment of Supervisory Board members. For this purpose, the Supervisory Board is required to inform them in a timely fashion when, why and in accordance with which profile a vacancy must be filled. Each nomination and recommendation must be supported by valid reasons.

One-third of the members of the Supervisory Board must be nominated on the basis of the enhanced recommendation (*versterkt aanbevelingsrecht*) of the works council. For these members of the Supervisory Board, the Supervisory Board may only object to the recommendation of the Works Council if the recommended candidate is expected to be unfit to fulfil the duties of a member of the Supervisory Board or that the Supervisory Board will not be properly composed upon appointment in accordance with the recommendation. If the number of Supervisory Board members is not divisible by three, the nearest lower number that is divisible by three shall be used to determine the number of Supervisory Board members in respect of which this enhanced right of recommendation applies. If the candidate is not rejected by the Supervisory Board it must nominate this person for appointment in accordance with the procedure described above.

Pursuant to the Dutch structure regime, the General Meeting is not authorised to dismiss individual members of the Supervisory Board. Upon application, the enterprise chamber of the court of appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*) (the "**Enterprise Chamber**") may remove a member of the Supervisory Board if the Company cannot reasonably be required to maintain that member of the Supervisory Board because he or she derelicts his or her duties, for other important reasons or on account of any far-reaching change of circumstances. The application can be made by the Company represented for this purpose by a representative that can be designated by, amongst others, the General Meeting.

The General Meeting may pass a resolution withdrawing its confidence in the Supervisory Board by absolute majority, representing at least one-third of the Company's issued share capital. The resolution must be supported by reasons and shall result in the immediate dismissal of all members of the Supervisory Board. If the General Meeting withdraws its confidence in the Supervisory Board, the Enterprise Chamber shall appoint one or more new members of the Supervisory Board on a temporary basis.

The application of the structure regime limits the influence of the shareholders on the composition of the Supervisory Board and the Executive Board in comparison to the situation where this regime would not apply. As a consequence it may be more difficult for shareholders to influence the policies and strategy of the Company through the appointment and dismissal of members of the Supervisory Board and Executive Board.

Pursuant to the Relationship Agreement, until NLFI directly or indirectly holds less than 10% of the issued share capital of the Company, the Supervisory Board needs to give NLFI the opportunity to advise on (i) the decision to appoint or reappoint a member of the Executive Board, (ii) the decision to appoint the CEO and (iii) the decision to appoint the Chairman. The Supervisory Board is free to consider whether or not to follow the advice of NLFI, whose right to advise is compatible with the large companies regime (*structuurregime*) and constitutes an additional contractual right of NLFI unrelated to the regime. The adoption of and any amendment to the profile for the Supervisory Board is subject to prior approval of NLFI, until NLFI directly or indirectly holds less than 10% of the issued share capital of the Company.

60. ***Provisions in the Articles of Association and in contracts concluded by the Group may delay, deter or prevent takeover attempts that may be favourable to the shareholders***

The Articles of Association contain protection provisions, including in articles 17.1, 22.13, 31.1 and 31.3, that may have the effect of preventing, discouraging or delaying a change of control. *Stichting Continuïteit ASR Nederland* (the "**Foundation**") will be granted a call option by the Company. The Foundation, subject to the execution of the notarial deed of amendment (the "**Deed of Amendment**"), aims to achieve its objectives by, amongst other things, acquiring and holding Preferred Shares pursuant to, and subject to the terms of, a call option agreement entered into by the Foundation and the Company on or prior to the Settlement Date (the "**Call Option Agreement**"). In the Call Option Agreement, the Company has granted to the Foundation the continuous and repeatedly exercisable right to subscribe for Preferred Shares for up

to the lesser of (a) the total number of shares that form the Company's issued capital at the time of an exercise of the call option minus the number of Preferred Shares already held by the Foundation at that time (if any) minus one; or (b) the maximum number of Preferred Shares that may be issued under the Company's authorised share capital as included in the Articles of Association at the time of an exercise of the Call Option (the "**Call Option**"). If and for as long as NLFI holds more than one-third of the Shares in the Company's issued share capital, the Foundation cannot exercise the Call Option without the prior written consent of NLFI. If NLFI holds less than one-third of the Shares in the Company, the Call Option can be exercised each time that the Foundation considers, or reasonably expects, there to be an act that is, in the opinion of the Foundation, materially (*wezenlijk*) contrary to the interests of the Company or the business connected with it and its stakeholders. However, if pursuant to the exercise of the Call Option the number of Preferred Shares acquired by the Foundation constitutes 10% or more of the Company's issued share capital, such acquisition is subject to the obtaining of a declaration of no-objection by the relevant supervisory authority, i.e. DNB, in respect of the Group's insurance operations and IORP subsidiaries and the ECB in respect of the Bank.

The issue of Preferred Shares in this manner would cause substantial dilution to the voting power of any shareholder, including a shareholder attempting to gain control of the Company, and could therefore have the effect of preventing, discouraging or delaying a change of control that might otherwise be in the shareholders' best interest or have otherwise resulted in an opportunity for shareholders to sell the Shares at a premium to the then-prevailing market price. This anti-takeover measure may have an adverse effect on the market price of the Shares.

The fact that the Company will be subject to the Dutch structure regime, pursuant to which the members of the Executive Board will be appointed by the Supervisory Board (instead of the General Meeting), may also have the effect of preventing, discouraging or delaying a change of control. Pursuant to the Articles of Association, certain shareholder resolutions can only be adopted by the General Meeting on a proposal of the Executive Board, which is approved by the Supervisory Board. This significantly limits the possibilities of the shareholders to adopt these resolutions if the Executive Board or the Supervisory Board is not in favour of adopting the resolutions. This applies to resolutions regarding the issue of Shares or the granting of rights to subscribe for Shares, the limitation or exclusion of statutory pre-emption rights, capital reduction, distribution to the holders of Shares from one or more of the Company's reserves which the Company is not required to maintain by law, distribution in the form of Shares or in the form of assets, amendment of the Articles of Association and the dissolution of the Company.

61. ***The required voting majority for resolutions of the General Meeting to amend articles 2, 3, 19.12 and/or 31.3 of the Articles of Association and to approve resolutions concerning a material change to the identity or the character of the Company or its business is high, as a result of which certain proposals that are in the best interest of the Company and its stakeholders but which do not enjoy sufficiently broad support, may not be implemented***

A resolution of the General Meeting to amend articles 2 (*Name and Seat*), 3 (*Objects*), 19.12 (*Representation of an Executive Director by another Executive Director*) and/or 31.3 (*Resolutions of the General Meeting requiring a majority of two thirds of the votes cast*) of the Articles of Association or to approve resolutions concerning a material change to the identity or the character of the Company or its business (as further described in the Articles of Association), requires two-thirds of the votes cast representing more than half of the issued share capital of the Company. There is a risk that this voting majority is not met in respect of proposals which the Executive Board and the Supervisory Board believe are in the best interest of the Company and its stakeholders.

62. ***Dealings in the Shares may become subject to a Financial Transactions Tax***

The EC has published a proposal for a Directive for a common Financial Transactions Tax ("**FTT**") in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**").

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in the Offer Shares (including secondary market transactions) in certain circumstances. Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Offer Shares where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in

a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

The FTT proposal remains subject to negotiation between the Participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Offer Shares are advised to seek their own professional advice in relation to the FTT.

63. ***The rights and responsibilities of a shareholder are governed by Dutch law and will differ in some respects from the rights and obligations of shareholders under the laws of other jurisdictions and the shareholder rights under Dutch law may not be as clearly established as the rights of a shareholder established under the laws of some other jurisdictions***

The Company is incorporated and exists under the laws of the Netherlands. Accordingly, the Company's corporate structure as well as the rights and obligations of the shareholders may be different from the rights and obligations of shareholders of companies under the laws of other jurisdictions. The exercise of certain shareholders' rights by shareholders outside the Netherlands may be more difficult and costly than the exercise of rights in a company organised under the laws of other jurisdictions. Resolutions of the General Meeting may be taken with majorities different from the majorities required for adoption of equivalent resolutions in companies organised under the laws of other jurisdictions. Any action to contest any of the Company's corporate actions must be filed with, and will be reviewed by, a Dutch court, in accordance with Dutch law.

64. ***The ability of shareholders in certain countries other than the Netherlands, in particular in the United States, to bring an action against the Company or some or all of the members of the Executive Board and/or Supervisory Board may be limited under law***

All of the members of the Executive Board and Supervisory Board are resident of countries other than the United States. All or a substantial proportion of the assets of these individuals are located outside the United States. The Group's assets are predominantly located outside the United States. As a result, it may not be possible or it may be difficult for investors to effect service of process within the United States upon the Company or such persons, or to enforce against them in US courts a judgement obtained in such courts, including judgements predicated on the civil liability provisions of US Federal securities laws or the securities laws of any state or territory within the United States. See also "Important Information—Enforcement of Civil Liabilities".

65. ***It is possible that the Group could be treated as a "passive foreign investment company" for US federal income tax purposes***

Because of the passive nature of the Group's assets and income, it is possible that the Group could be treated as a "passive foreign investment company" (a "**PFIC**") for US federal income tax purposes. The Group believes that it is not a PFIC because the Group thinks that most of its passive assets qualify for an exception under the PFIC rules (the "**Insurance Company Exception**"), which treats certain passive assets owned by insurance companies as active assets. However, this is a factual determination that is made annually and thus may be subject to change. In addition, there are several legislative and regulatory proposals that would change the application of the Insurance Company Exception, and there is no assurance that the Group would qualify for the Insurance Company Exception if such proposals are adopted.

If the Group is treated as a PFIC, US holders of the Company's shares may be subject to special adverse US federal income tax consequences. See "Taxation—United States Taxation". The Group does not intend to provide investors with any information to assist them in making determinations with respect to the Group's status under the PFIC rules, and the information it is required to disclose by all applicable securities laws may not be sufficient to make that determination.

66. ***Payments on the Offer Shares could be subject to FATCA withholding tax after 2018***

A 30% withholding tax will be imposed on certain payments to certain non-US financial institutions that fail to comply with information reporting requirements or certification requirements in respect of their direct and indirect United States shareholders and/or United States accountholders. To avoid becoming subject to the 30% withholding tax on payments to them, the Group and other non-US financial

institutions may be required to report information to the IRS regarding the holders of shares and to withhold on a portion of payments under the shares to certain holders that fail to comply with the relevant information reporting requirements (or hold shares directly or indirectly through certain non-compliant intermediaries). However, such withholding will not apply to payments made before 1 January 2019. The rules for the implementation of this legislation have not yet been fully finalised, so it is impossible to determine at this time what impact, if any, this legislation will have on holders of the shares.

RISKS RELATING TO THE OFFERING

67. ***There has been no public trading in the Shares prior to this Offering, the price of the Shares may be volatile and investors may not be able to sell the Shares at or above the Offer Price***

Prior to the Offering, there has been no public trading market for the Shares. There can be no assurance that an active trading market will develop or, if it does develop, that it will be sustained or that it will be liquid. If such market fails to develop or be sustained, this could materially and adversely affect the liquidity and price of the Shares, as well as increase their price volatility. In addition, an illiquid market for the Shares may result in lower market prices and increased volatility, which could materially and adversely affect the value of an investment in the Shares. The market price of the Shares may be subject to wide fluctuations in response to many factors, including equity market fluctuations, general economic conditions and regulatory changes which may adversely affect the market price of the Shares, regardless of the Group's actual performance or conditions in its key markets.

Moreover, the Offer Price will be determined by the Selling Shareholder, after consultation with the Company and the Joint Global Coordinators (acting on behalf of the Underwriters), subject to approval from the Dutch Minister of Finance, taking into account a number of factors, including economic market conditions in effect at the time of the Offering, which may not be indicative of future performance after the completion of the Offering. The Offer Price may be higher than the maximum price as set in the Offer Price Range. See "The Offering—Offer Price and Number of Offer Shares". The market price of the Shares may fall below the Offer Price. The market price of the Shares could also fluctuate substantially due to various factors, some of which would be specific to the Group and its operations and some of which would be related to the financial services industry and equity markets generally. The Company cannot provide assurance that the market price of the Shares will not decline and the Shares may trade at prices significantly below the Offer Price, regardless of the Group's actual operating performance. The Company, therefore, cannot guarantee that investors will be able to resell the Shares at or above the Offer Price.

68. ***If closing of the Offering does not take place on the Settlement Date or at all, purchases of the Offer Shares will be disregarded and Euronext Amsterdam may annul transactions that have occurred***

Application has been made to list and admit all the Shares to trading on Euronext in Amsterdam under the symbol "ASRNL". The Company expects that the Shares will be admitted to listing and that trading in such Shares on an "if-and-when-delivered" basis will commence on the First Trading Date, prior to the closing of the Offering on the Settlement Date. Subject to acceleration or extension of the timetable for the Offering, the Settlement Date is expected to be on or about 14 June 2016, being the second business day following the First Trading Date. The closing of the Offering may not take place on the Settlement Date or at all if certain conditions or events referred to in the Underwriting Agreement are not satisfied or waived or occur on or prior to such date. See for more information "Plan of Distribution". Trading in the Offer Shares before Settlement will take place subject to the condition that, if closing of the Offering does not take place on the Settlement Date or at all, the Offering will be withdrawn, all applications for the Offer Shares will be disregarded, any allocations made will be deemed not to have been made, any application payments made will be returned without interest or other compensation and Euronext Amsterdam will annul transactions that have occurred. All dealings in the Offer Shares prior to Settlement are at the sole risk of the parties concerned. The Company, the Selling Shareholder, the Listing and Paying Agent, the Financial Advisers, the Underwriters and Euronext Amsterdam do not accept any responsibility or liability for any loss incurred by any person as a result of a withdrawal of the Offering or the related annulment of any transaction on Euronext in Amsterdam.

69. ***Investors with a reference currency other than euro will become subject to certain foreign exchange risks when investing in the Shares***

The Company's equity capital is denominated in euro, and all dividends (if any) on the Shares will be paid by the Company in euro. Investors whose reference currency is a currency other than the euro may be materially and adversely affected by any reduction in the value of euro relative to the value of the respective investor's reference currency. In addition, such investors could incur additional transaction costs in converting euro into another currency. Investors whose reference currency is a currency other than the euro are therefore urged to consult their financial advisers.

IMPORTANT INFORMATION

The content of this Prospectus is not to be considered or interpreted as legal, financial or tax advice. It is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the members of the Supervisory Board and the Executive Board, the Selling Shareholder, or any of the Underwriters, the Financial Advisers, or any of their representatives that any recipient of this Prospectus should subscribe for or purchase any Offer Shares. None of the Company, the Selling Shareholder, the Listing and Paying Agent, the Financial Advisers or the Underwriters, or any of their respective representatives, is making any representation to any offeree or subscriber of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or subscriber under the laws applicable to such offeree or subscriber. Prior to making any decision as to whether to purchase the Offer Shares, prospective investors should read this Prospectus. Investors should ensure that they read the whole of this Prospectus carefully and not just rely on key information or information summarised within it.

Potential investors are expressly advised that an investment in the Shares entails certain risks and that they should therefore read and carefully review the content of this Prospectus. A potential investor should not invest in the Shares unless he has the expertise (either alone or with a financial adviser) to evaluate how the Shares will perform under changing conditions, the resulting effects on the value of the Shares and the impact this investment will have on its overall investment portfolio.

Each prospective investor should consult his own stockbroker, bank manager, lawyer, auditor or other financial, legal or tax advisers before making any investment decision with regard to the Offer Shares, to among other things consider such investment decision in light of his personal circumstances, and in order to determine whether or not such prospective investor is eligible to subscribe for the Offer Shares. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Offering, including the merits and risks involved.

Potential investors should rely only on the information contained in this Prospectus, the Pricing Statement and any supplement to this Prospectus within the meaning of Section 5:23 Dutch Financial Supervision Act, see "—Supplements" below. The Company does not undertake to update this Prospectus, unless required pursuant to Section 5:23 Dutch Financial Supervision Act, and therefore potential investors should not assume that the information in this Prospectus is accurate as of any date other than the date of this Prospectus. No person is or has been authorised to give any information or to make any representation in connection with the Offering, other than as contained in this Prospectus, and, if given or made, any other information or representations must not be relied upon as having been authorised by the Company, the members of the Executive Board or Supervisory Board, the Selling Shareholder, the Listing and Paying Agent, any of the Underwriters, the Financial Advisers or any of their representatives. Neither the delivery of this Prospectus nor any sale made hereunder at any time after the date hereof shall, under any circumstances, create any implication that there has been no change in the Group's affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

This Prospectus is published in English only. Terms used in this Prospectus are defined in "Definitions" and "Glossary of Insurance and Investment Management Terms".

General and Responsibility Statement

This Prospectus is made available by the Company. The Company accepts responsibility for the information contained in this Prospectus. In addition, the Selling Shareholder accepts responsibility for the information contained in "Reasons for the Offering and Use of Proceeds—Use of Proceeds" and "Shareholder Structure and Related Party Transactions—Shareholder Structure". Each of the Company and the Selling Shareholder declares that it has taken all reasonable care to ensure that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

No representation or warranty, express or implied, is made or given by or on behalf of the Underwriters, the Listing and Paying Agent or the Financial Advisers or any of their respective affiliates or any of their respective directors, officers or employees or any other person, as to the accuracy, completeness, verification or fairness of the information or opinions contained in this Prospectus, or incorporated by reference herein, and nothing in this Prospectus, or incorporated by reference herein, is, or shall be relied upon as, a promise or representation by the Underwriters, the Listing and Paying Agent or the Financial Advisers or any of their affiliates as to the past or future. Without prejudice to any obligation of the

Company to publish a supplementary prospectus, neither the delivery of this Prospectus nor any sale of Offer Shares pursuant to the Offering shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Group since the date of this Prospectus or that the information contained herein is correct as of any time subsequent to its date.

None of the Underwriters, the Financial Advisers and the Listing and Paying Agent, each in any of their respective capacities in connection with the Offering, accepts any responsibility whatsoever for the accuracy, completeness or verification of the contents of this Prospectus or for any other statements made or purported to be made by either itself or on its behalf in connection with the Company, the Selling Shareholder, the Group, the Offering or the Shares. Accordingly, the Underwriters, the Financial Advisers and the Listing and Paying Agent disclaim, to the fullest extent permitted by applicable law, all and any liability, whether arising in tort or contract or which they might otherwise be found to have in respect of this Prospectus and/or any such statement.

Although the Underwriters are party to various agreements pertaining to the Offering and each of the Underwriters may have entered or enter into financing arrangements with the Company or the Group, this should not be considered as a recommendation by any of them to invest in the Offer Shares.

The Underwriters and the Financial Advisers are acting exclusively for the Company and/or the Selling Shareholder and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this Prospectus) as their respective customer in relation to the Offering and will not be responsible to anyone other than the Company and/or the Selling Shareholder for providing the protections afforded to their respective customers or for giving advice in relation to, respectively, the Offering and the listing or any transaction or arrangement referred to herein.

In connection with the Offering, the Underwriters and the Financial Advisers and any of their respective affiliates, acting as investors for their own accounts, may subscribe for and/or acquire Offer Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Offer Shares and other securities of the Company or related investments in connection with the Offering or otherwise.

Accordingly, references in this Prospectus to the Offer Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, dealing or placing by, the Underwriters and the Financial Advisers and any of their affiliates acting as investors for their own accounts. None of the Underwriters and the Financial Advisers intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

ABN AMRO Bank N.V. has been engaged by the Company solely as Listing and Paying Agent for the Shares, in relation to the admission of the Shares to trading on Euronext in Amsterdam. The Listing and Paying Agent's activities consist essentially of filing the application for admission to trading with Euronext in Amsterdam and paying sums due on the Shares. The Listing and Paying Agent is acting for the Company only and will not regard any other person as its client in relation to the Offering. Neither the Listing and Paying Agent nor any of its directors, officers, agents or employees makes any representation or warranty as to the accuracy, completeness or fairness of the information or opinions described or incorporated by reference in this Prospectus, in any investor report or for any other statements made or purported to be made either by itself or on its behalf in connection with the Company, the Selling Shareholder or the Offering or the Shares. Accordingly, the Listing and Paying Agent disclaims all and any liability, whether arising in tort or contract or otherwise in respect of this Prospectus and or any such other statements.

Presentation of Financial and Other Information

IFRS Information

This Prospectus includes (i) the unaudited condenced consolidated interim financial statements of the Group as of and for the three months ended 31 March 2016 which includes comparative information as of and for the three months ended 31 March 2015 and (ii) the audited consolidated financial statements of the Group as of and for the year ended 31 December 2015 (including the notes thereto) which includes comparative information as of and for the years ended 31 December 2014 and 31 December 2013 (together, the "**Historical Financial Information**"). To enhance the comparability of financial information set out in this Prospectus across reporting periods and balance sheet dates, the Historical Financial Information and the financial information contained in this Prospectus for financial years 2014 and 2013

was prepared on the basis of the accounting policies effective as of 1 January 2015, and to give effect to other subsequent developments, as further described below. The information in respect of the 2014 and 2013 financial years included herein and in the Historical Financial Information should be read in conjunction with the Group's audited consolidated financial statements as of and for the years ended 31 December 2014 and 2013 incorporated by reference in this Prospectus. For more information, see "Documents Incorporated by Reference".

The Historical Financial Information was prepared in accordance with IFRS and with Part 9, Book 2 of the Dutch Civil Code, and should be read in conjunction with the accompanying notes thereto and the auditor's report thereon or the review report thereon, as applicable, included elsewhere in this Prospectus.

The unaudited condensed consolidated interim financial statements of the Group as of and for the three months ended 31 March 2016 were specifically prepared for purposes of the Offering, and the Group does not expect to prepare quarterly financial statements in the future.

Changes in Accounting Policies and Segmentation; Discontinued Operations

Effective 1 January 2015, the Group implemented the following three changes in its accounting policies:

Accounting for policy acquisition costs: For life products, policy acquisition costs are now recognised directly through profit or loss when incurred, instead of being deferred and amortised over the duration of the relevant insurance contract. The Group believes that this change better reflects the recent changes in legislation for these types of products. For Non-life products, prepaid policy acquisition costs which were previously included in deferred acquisition costs are now included in other assets, and these costs are incurred as a percentage of the premium earned, generally within one year.

Measurement of investment property: Investment property is now being carried at fair value instead of at cost.

Measurement of property for own use: Property for own use is now being carried at fair value instead of at cost.

For Life products, policy acquisition costs are now recognised as through profit or loss when incurred, instead of being deferred and amortised over the duration of the relevant insurance contract. The Group believes that this change better reflects the recent changes in legislation for these types of products. For Non-life products, prepaid policy acquisition costs which were previously included in deferred acquisition costs are now included in other assets, and these costs are incurred as a percentage of the premium earned, generally within one year.

Investment property and property for own use are now being carried at fair value instead of at cost. The Group believes that this voluntary change will provide users of its financial statements with more meaningful information due to the alignment of the measurement model for IFRS purposes with the fair value model utilised in the DNB Regulatory Solvency and Solvency II methodology, as well as enhanced comparability with peers.

In accordance with IFRS, the changes in accounting policies for acquisition costs and investment property were applied retrospectively, while the change in accounting policy for property for own use was applied as a revaluation adjustment as at 1 January 2015.

These changes in accounting policies resulted in an increase in total equity of €75 million as at 31 December 2015, €682 million as at 31 December 2014 and €642 million as at 31 December 2013, as well as an increase in profit after tax of €71 million in 2015, €42 million in 2014 and €(34) million in 2013. For more information, see "The Group's Consolidated Financial Statements as of and for the Year Ended 31 December 2015—Changes in accounting policies and presentation as of 1 January 2015".

Prior to 2015, the Group had three operating segments: (i) Life, (ii) Non-life and (iii) Other. As of 2015, the Group reports on six operating segments, including five core segments (Life, Non-life, Banking and asset management, Distribution and services, and Holding and other) and its Real estate development segment, which is in run-off. The new segmentation reflects how management monitors and evaluates the Group's operations.

In addition, in 2015 the Group commenced a sale process for part of its real estate development operations as well as B.V. Nederlandse Hulpverleningsorganisatie SOS International ("**SOS International**"). SOS International was subsequently sold in the first quarter of 2016 (see "Operating and Financial Review—

Segments—Distribution and Services"). In April 2016, the Group sold part of the real estate development activities. These operations are presented as discontinued operations in the Historical Financial Information and this Prospectus for all periods shown herein. The results of the discontinued operations are presented separately from continuing operations in the profit and loss accounts; the cash flows from discontinued operations are presented separately in the cash flow statements, whereas assets and liabilities are presented as held for sale in the balance sheet.

Non-IFRS Information and Other Statistics

This Prospectus presents certain financial measures that are not measures defined under IFRS, including operating results. In addition, this Prospectus presents certain other operational statistics, including full-time equivalents of the Group's employees ("**FTEs**"). These non-IFRS financial measures are not audited and are not measures of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Moreover, such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies, because the above-mentioned non-IFRS financial measures are not defined under IFRS; other companies may calculate them in a different manner than the Group, which limits their usefulness as comparative measures. The Group believes that these non-IFRS measures and operational statistics are important to understand the Group's performance and capital position.

The Company believes that operating results provide a better understanding of the underlying trends in financial performance as compared to results that have been prepared in accordance with IFRS. The Group's consolidated operating result and operating results by segment, which are non-IFRS financial measures, are calculated by adjusting the reported profit before tax for changes in accounting policies and Incidental Items. For more information, see "Selected Financial Information—Non-IFRS Financial Measures—Operating Results" and "Operating and Financial Review—Operating Results". This Prospectus also presents certain other financial measures that are not measures defined under IFRS, including return on equity, operating return on equity, solvency and other ratios, as well as certain key performance indicators by operating segment. For more information, see "Selected Financial Information—Non-IFRS Financial Measures—Other Key Non-IFRS Performance Indicators".

Unless otherwise stated, consolidated results of operations of the Group are presented on the basis of IFRS, while results of operations by operating segment are presented based on operating results.

Investment Portfolio

In addition to the information with respect to the Group's investment portfolio in "Business—Investments", this Prospectus includes information with respect to the Group's investment portfolio in "The Group's Consolidated Financial Statements as of and for the Year Ended 31 December 2015—Risk Management".

The information included in "The Group's Consolidated Financial Statements as of and for the Year Ended 31 December 2015—Risk Management" reflects the way the Group assesses its investment portfolio for risk management purposes, and differs from the information with respect to the investment portfolio as presented in accordance with IFRS and the non-IFRS information set out in "Business—Investments". The information with respect to the investment portfolio included in "The Group's Consolidated Financial Statements as of and for the Year Ended 31 December 2015—Risk Management" is included solely to provide investors a better understanding of the way in which the Group manages risk. For purposes of its risk management, the Group makes a number of adjustments to the investment portfolio. These adjustments are primarily driven by application of the Group's ECAP methodology as applied by the Group in connection with its risk management. Differences between the investments in accordance with IFRS, as presented in the table in "Business—Investments", and the investments shown in "The Group's Consolidated Financial Statements as of and for the Year Ended 31 December 2015—Risk Management" are, amongst others, caused by a revaluation of loans, mortgages and savings-linked mortgage loans under ECAP. Under ECAP, a fair value method for these asset classes is used, based on a discounted cash flow method. Valuation of these assets in accordance with IFRS is based on an amortised cost method. Further, compared to IFRS, under ECAP some reclassifications are made because of applying look-though principles.

Rounding and Negative Amounts

Certain figures contained in this Prospectus, including financial, statistical and operating information, have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly, and figures shown as totals in certain tables may not be an exact arithmetic aggregation of the figures which precede them. In addition, certain percentages in this document have been calculated using rounded figures.

Negative amounts in this Prospectus are shown between brackets or are otherwise indicated by the surrounding text (such as describing such amount as "negative").

Currency

In this Prospectus, all references to "euro", "EUR" or "€" are references to the single currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of May 3, 1998 on the introduction of the euro, as amended from time to time. All references in this Prospectus to "US$", "US dollar", "USD" or "$" are reference to the lawful currency of the United States.

The financial information in this Prospectus is presented in euro, which is the presentation currency of the Group, rounded to the nearest million (unless otherwise stated). All year-end averages in this Prospectus are based on month-end figures. Management does not believe that these month-end averages present trends materially different from those that would be presented by daily averages.

Exchange Rates

The following table sets out, for the periods indicated, certain information concerning the exchange rate expressed in US dollars per euro, obtained by using the Historical Price function in Bloomberg. These translations should not be construed as representations that the euro amounts actually represent such US Dollar amounts or could be converted into US dollars at the rate indicated. On 26 May 2016, the exchange rate translated to €1 = USD 1.1194.

The Group makes no representation that the amounts referred to above could have been or could be converted into the foregoing currencies at any particular rate or at all.

These rates are provided solely for the convenience of the reader and are not necessarily the rates used in the preparation of the Group's financial statements. No representation is made by the Group that the US dollar amounts could have been converted into the euro at the rates shown or at any other rate for such periods or at such dates.

The currency information presented under this section entitled "Exchange rates" is based on data published by Bloomberg, and such information has been accurately reproduced and, as far as the Group is aware and is able to ascertain from such information, no facts have been omitted which would render the information inaccurate or misleading.

Year	Euro	US dollar (High)	US dollar (Low)	US dollar (Average)	US dollar (Period end)
2011	1	1.4830	1.2907	1.3926	1.2961
2012	1	1.3458	1.2061	1.2860	1.3193
2013	1	1.3802	1.2780	1.3285	1.3743
2014	1	1.3934	1.2098	1.3285	1.2098
2015	1	1.2104	1.0496	1.1102	1.0862
2016 (through 26 May 2016)	1	1.1534	1.0748	1.1152	1.1194

Month	Euro	US dollar (High)	US dollar (Low)	US dollar (Average)	US dollar (Period end)
October 2015	1	1.1474	1.0923	1.1220	1.1006
November 2015	1	1.1016	1.0565	1.0729	1.0565
December 2015	1	1.1025	1.0615	1.0899	1.0862
January 2016	1	1.0940	1.0748	1.0866	1.0831
February 2016	1	1.1323	1.0873	1.1104	1.0873
March 2016	1	1.1380	1.0868	1.1142	1.1380
April 2016	1	1.1451	1.1222	1.1340	1.1451
May 2016 (through 26 May)	1	1.1534	1.1141	1.1319	1.1194

(*source: Bloomberg*)

Market and Industry Information

All references to market share, market data, industry statistics and industry forecasts in this Prospectus consist of estimates compiled by industry professionals, competitors, organisations or analysts of publicly available information or of the Group's own knowledge of its sales and markets. Data on market participants is presented on the basis of consolidated groups. Certain statements made in this Prospectus are based on the Group's own proprietary information, insights, opinions or estimates, and not on any third-party or independent source; these statements contain words such as 'the Group believes', 'the Group expects', 'the Group sees', and as such do not purport to cite, refer to or summarise any third-party or independent source and should not be so read.

Industry publications generally state that their information is obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. Although the Group believes these sources are reliable, the Group does not have access to the information, methodology and other bases for such information and has not independently verified the information. Where third-party information has been sourced in this Prospectus, the source of such information has been identified. The information in this Prospectus that has been sourced from third parties has been accurately reproduced with reference to these sources in the relevant paragraphs and, as far as the Group is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

In this Prospectus, the Group makes certain statements regarding its competitive and market position. The Group believes these statements to be true, based on market data and industry statistics, but the Group has not independently verified the information. Subsidiaries of the larger insurers are aggregated with the holding companies in the market share tables. The Group cannot guarantee that a third party using different methods to assemble, analyse or compute market data or public disclosure from competitors would obtain or generate the same results. In addition, the Group's competitors may define their markets and their own relative positions in these markets differently than the Group does and may also define various components of their business and operating results in a manner which makes such figures non-comparable with the Group's.

The Group calculates its combined ratio as the sum of Non-life insurance net claims and benefits (net of interest accrual on reserves, compensation of realised capital gains and prudence margin for Health), net fee and commission expense and operating expense (excluding investment costs), expressed as a percentage of net earned premiums. The combined ratio as well as its components are non-IFRS financial measures and as such have limitations on comparability with similarly titled financial measures of other companies; for more information see "Selected Historical and Financial and Operational Information— Key Performance Indicators and Non-IFRS Financial Measures". Unless indicated otherwise, all references to the combined ratio of the Group in this Prospectus are to the combined ratio calculated in accordance with the Group's own methodology. In addition, this Prospectus, in the Industry section, shows the combined ratio and its components (i.e. claims, commission, expense and/or cost ratios, as applicable) of certain market participants, certain segments of the Dutch insurance market and the Dutch insurance market as a whole as well as the Group based on DNB data.

DNB defines the combined ratio as claims expenses plus operating expenses divided by earned premiums, and the main difference between such methodology and the methodology used by the Group is therefore the inclusion in the calculation of interest accrual on Disability insurance policies by DNB.

The funeral market size in this Prospectus is based on AM Jaarboek 2015 data. The 2014 GWP figures have been adjusted by the addition of Ardanta's 2014 GWP of €109 million, which does not include Ardanta's results, such that the total funeral market is increased to €789 million. The market share of the Group within this segment is presented including the recent acquisitions of Axent and NIVO.

Supplements

If a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Shares, arises or is noted between the date of this Prospectus and the later of the end of the Offering Period and the start of trading of the Offer Shares on Euronext in Amsterdam, a supplement to this Prospectus will be published in accordance with relevant provisions under the Dutch Financial Supervision Act. Such a supplement shall be approved by the AFM in accordance with Section 5:23 Dutch Financial Supervision Act. The summary shall also be supplemented, if necessary, to take into account the new information included in the supplement.

Investors who have already agreed to purchase or subscribe for the Offer Shares before the supplement is published shall have the right, exercisable within two business days following the publication of a supplement, to withdraw their acceptances, provided that the new factor, material mistake or inaccuracy, arose or was noted before the final closing of the Offering. Investors are not allowed to withdraw their acceptance in any other circumstances.

Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall, except as so modified or superseded, no longer constitute a part of this Prospectus. For the avoidance of doubt, references in this paragraph to any supplement being published by the Company do not include the Pricing Statement.

Notice to Investors

The distribution of this Prospectus and the offer, acceptance, delivery, transfer, exercise, purchase of, subscription for, or trade in the Offer Shares may, in certain jurisdictions other than the Netherlands, including, but not limited to the US, be restricted by law. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus may not be used for, or in connection with, and does not constitute, an offer to sell, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or invitation is not authorised or would be unlawful. Neither this Prospectus, nor any related materials, may be distributed or transmitted to, or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws or regulations.

None of the Company, the members of the Executive Board or the Supervisory Board, the Selling Shareholder, the Underwriters, the Financial Advisers, or any of their respective representatives, is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

All purchasers of Offer Shares are deemed to acknowledge that: (i) they have not relied on the Underwriters or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied only on the information contained in this Prospectus in making their investment decision, and that no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries, the Selling Shareholder or the Offer Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, the Selling Shareholder or the Underwriters.

EXCEPT AS OTHERWISE SET OUT IN THIS PROSPECTUS, THE OFFERING DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO INVESTORS IN THE US OR THE EUROPEAN ECONOMIC AREA (OTHER THAN THE NETHERLANDS), AUSTRALIA, CANADA, HONG KONG, JAPAN, SWITZERLAND, SINGAPORE, BAHRAIN, DUBAI INTERNATIONAL FINANCIAL CENTRE, THE KINGDOM OF SAUDI ARABIA, KUWAIT, OMAN, QATAR AND THE UNITED ARAB EMIRATES.

This Prospectus does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to acquire, Offer Shares in any jurisdiction in which such an offer or solicitation is unlawful or would result in the Company becoming subject to public company reporting obligations outside the Netherlands.

The distribution of this Prospectus, and the offer or sale of Offer Shares, is restricted by law in certain jurisdictions. This Prospectus may only be used where it is legal to offer, solicit offers to purchase or sell Offer Shares. Persons who obtain this Prospectus must inform themselves about and observe all such restrictions.

No action has been or will be taken to permit a public offer or sale of Offer Shares, or the possession or distribution of this Prospectus or any other material in relation to the Offering, in any jurisdiction outside the Netherlands where action may be required for such purpose. Accordingly, neither this Prospectus nor any advertisement or any other related material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

Notice to Prospective Investors in the United States

The Offer Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any State of the US for offer or sale as part of their distribution and may not be offered or sold within the US unless the Offer Shares are registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available. In the US the Offer Shares will be sold only to persons reasonably believed to be QIBs as defined in, and in reliance on, Rule 144A under the US Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirement under the US Securities Act and applicable state securities laws. All offers and sales of the Shares outside the US will be made in compliance with Regulation S under the US Securities Act and in accordance with applicable law. See "Selling and Transfer Restrictions".

THE OFFER SHARES HAVE NOT BEEN RECOMMENDED BY ANY US FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE US.

Notice to Investors in Other Jurisdictions

In the United Kingdom, this Prospectus is being distributed only to, and is directed only at, persons (a) who have professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**"), or (b) who are high net worth entities, and other persons to whom it may be lawfully communicated, falling within Article 49(2)(a) to (d) of the Financial Promotion Order (all such persons being referred to as "**Relevant Persons**"). In the United Kingdom, this Prospectus is directed only at Relevant Persons and any investment or investment activity to which this Prospectus relates is only available to and will only be engaged in with Relevant Persons. Persons in the United Kingdom who are not Relevant Persons who receive this Prospectus should not take any action on the basis of this Prospectus and should not rely on or act upon it.

Subject to certain exceptions, this Prospectus should not be forwarded or transmitted in or into the United States, the European Economic Area (other than the Netherlands), Australia, Canada, Hong Kong, Japan, Switzerland, Singapore, Bahrain, Dubai International Financial Centre, the Kingdom of Saudi Arabia, Kuwait, Oman, Qatar and the United Arab Emirates. See "Selling and Transfer Restrictions".

Enforcement of Civil Liabilities

The ability of shareholders in certain countries other than the Netherlands, in particular the US, to bring an action against the Company may be limited under law. The Company is a public limited liability company (*naamloze vennootschap*) incorporated in the Netherlands and has its statutory seat (*statutaire zetel*) in Utrecht, the Netherlands.

All of the members of the Executive Board and Supervisory Board are residents of countries other than the US. All or a substantial proportion of the assets of these individuals are located outside the US. The Group's assets are predominantly located outside of the US. As a result, it may be impossible or difficult for investors to effect service of process upon such persons or the Company or to enforce against them in US courts a judgement obtained in such courts, including judgements predicated on the civil liability

provisions of US federal securities laws or the securities laws of any state or territory within the US. In addition, there is doubt as to the enforceability, in the Netherlands, of original actions or actions for enforcement based on the federal or state securities laws of the US or judgements of US courts, including judgements based on the civil liability provisions of the US federal or state securities laws.

The US and the Netherlands do not currently have a treaty providing for reciprocal recognition and enforcement of judgements, other than arbitration awards, in civil and commercial matters. Accordingly, a judgement rendered by a court in the US will not be recognised and enforced by the Dutch courts. However, if a person has obtained a final and conclusive judgement for the payment of money rendered by a court in the US which is enforceable in the US and files his claim with the competent Dutch court, the Dutch court will generally give binding effect to such foreign judgement insofar as it finds that (i) the jurisdiction of the US court has been based on a ground of jurisdiction that is generally acceptable according to international standards, (ii) the judgement by the US court was rendered in legal proceedings that comply with the standards of the proper administration of justice that includes sufficient safeguards (*behoorlijke rechtspleging*), or (iii) the judgement by the US court is not incompatible with a decision rendered between the same parties by a Dutch court, or with a previous decision rendered between the same parties by a foreign court in a dispute that concerns the same subject and is based on the same cause, provided that the previous decision qualifies for acknowledgement in the Netherlands and except to the extent that the foreign judgement contravenes Dutch public policy (*openbare orde*).

Forward-Looking Statements

This Prospectus contains certain forward-looking statements within the meaning of the safe-harbour provisions of the United States Private Securities Litigation Reform Act of 1995. Statements in this Prospectus that are not historical facts are forward-looking statements, including statements relating to the Company's intentions, beliefs or current expectations and projections about the Group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, provisions, impairments, strategies and opportunities, as well as potential developments in the legal and regulatory environment to which the Group is subject and developments in the markets in which the Group operates, including changes in interest rates, inflation, foreign exchange rates, demographics, and any assumptions underlying any such statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future.

The Company has tried to identify forward-looking statements by using words such as "may", "will", "would", "should", "expects", "intends", "estimates", "anticipates", "projects", "believes", "could", "hopes", "seeks", "plans", "aims", "objective", "potential", "probability", "goal" "strategy", "target", "continue", "desire", "strive", "endeavour", "outlook" "optimistic", "prospects", "risk", "Value at Risk (VaR)", "annualised" and similar expressions or variations thereof, but such expressions are not the exclusive means of identifying forward-looking statements in this Prospectus.

Forward-looking statements are included in this Prospectus in a number of sections, including "Risk Factors", "Reasons for the Offering and Use of Proceeds", "Dividend Policy", "Operating and Financial Review", "Industry and Market Overview", "Business", and elsewhere. Such forward-looking statements are based on the Company's beliefs, assumptions and expectations regarding future events and trends that affect the Group's future performance, taking into account all information currently available to the Group, and are not guarantees of future performance. In particular, this document includes forward-looking statements relating but not limited to the Group's potential exposures to various types of operational, credit and market risk, such as counterparty risk, interest rate risk, foreign exchange rate risk and commodity and equity price risk. Such statements are subject to risks and uncertainties. These statements forward-looking statements are not historical facts and represent only the Group's beliefs regarding future events, many of which by their nature are inherently uncertain and beyond the Group's control.

Factors that could cause actual business, strategy and/or results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements made by the Group include, but are not limited to, the risks identified under "Risk Factors", as well as:

- changes in general economic conditions, in particular economic conditions in the Group's core markets in the Netherlands,
- changes in the performance of financial markets,

- changes in the availability of, and costs associated with, sources of liquidity, as well as conditions in the credit markets generally,
- the frequency and severity of insured loss events,
- changes affecting mortality and morbidity levels and trends,
- changes affecting persistency levels,
- changes affecting interest rate levels or currency exchange rates,
- changes in the valuation of assets,
- changes affecting investor, customer, policyholder, regulator and shareholder behaviour,
- changes in the competition landscape, including competition from existing or new market entrants and self-insurance,
- the inability to successfully implement the Group's strategy and investment policies and objectives,
- changes in law and regulations, including Solvency II and IFRS, and/or interpretation thereof, or changes in policies of governments and/or regulatory authorities,
- adverse developments in legal and other proceedings,
- a downgrade (or threatened downgrade) of the credit and financial strength ratings of a member of the Group,
- adverse developments related to dependency on counterparties for contracted services, including the termination of or changes to relationships with principal intermediaries or partnerships,
- flaws in the Group's underwriting (including assumptions used), operating controls or ICT systems, including a failure to prevent cybercrime or fraud,
- adverse developments related to conduct and reputational risk, and
- conclusions with regard to accounting assumptions, expert judgements and methodologies.

REASONS FOR THE OFFERING AND USE OF PROCEEDS

Background and Reasons for the Offering

In the autumn of 2008, following the financial difficulties of the Fortis group and to prevent further disruption to the Dutch economy, the Dutch State acquired the Dutch entities of the Fortis group and caused Fortis to spin off Verzekeringen Nederland N.V., which now operates as ASR Nederland N.V. After the separation from Fortis, the Company became a stand-alone entity. Although the Company was acquired by the Dutch State, it has never received state aid. Since nationalisation, the Dutch Minister of Finance had declared that the investment was temporary and that the Company was to be returned to the market as soon as reasonably possible, provided three conditions were met: (i) the financial sector was sufficiently stable, (ii) there was sufficient interest in the market and (iii) the Company was ready. The objective is to recover as much as possible of the total capital expenditure of the Dutch State. These conditions were also specified in the coalition agreement in October 2012. In the state aid procedure of the EC, the Dutch State stated that it does not have the intention of investing in the Company over the long term.

Several options for a divestment of the Company were analysed and discussed in the advisory memorandum of NLFI, dated 23 August 2013. The Dutch Minister of Finance expressed his views on these options in his letter to the Dutch Parliament of the same date. A divestment of the Company was subsequently discussed in a parliamentary session in November 2013 and after the conclusion of this parliamentary debate the Dutch Minister of Finance requested that the Company prepare for a stock market flotation, whilst NLFI was requested to simultaneously review options for consolidation with other insurance companies (a dual track strategy).

In its advisory memorandum dated May 2014, NLFI stated that various parties had indicated their interest in the Company. This, however, had not resulted in a concrete proposal. In the same report, NLFI reported two important market developments, which would change the level playing field within the insurance sector considerably: (i) the announced flotation of NN Group N.V. by ING Groep N.V. and (ii) the sale of REAAL N.V. by SNS REAAL N.V. NLFI reported that, in its opinion, the absorptive capacity of the markets was too limited to simultaneously initiate a divestment in the Company and recommended that the Dutch Minister of Finance to (temporarily) halt the dual track divestment process. In line with the recommendations of NLFI, the Dutch Minister of Finance informed the Dutch Parliament that as soon as REAAL N.V. was sold and NN Group N.V. had been floated on the stock market, he would further advise the Dutch Parliament on the precise divestment of the Company.

In its exit advice dated November 2015, NLFI stated that all three conditions for the privatisation of the Company specified above had been met in order to start the process of selling the Company. NLFI also stated that no strategic alternatives which fall within the risk-return profile of the Dutch State as shareholder, which would provide added value compared to the initial public offering ("**IPO**") scenario, had presented themselves. Therefore, NLFI advised the Dutch Minister of Finance to continue the preparation process for an IPO in such a manner that flotation in the first half of 2016 would be a possibility. The Dutch Minister of Finance stated that he would follow the advice and the conclusions of NLFI in his letter to the Dutch Parliament dated 27 November 2015. In the following parliamentary debate on 28 January 2016, the Dutch Parliament agreed to the exit strategy proposed by the Dutch Minister of Finance based on the advice of NLFI, after which the Dutch Minister of Finance formally asked NLFI and the Company to start the selling process through an IPO.

Use of Proceeds

NLFI will receive the net proceeds from the Offering (including, if the Over-Allotment Option is exercised, the net proceeds from the sale of the Over-Allotment Shares). NLFI will distribute the net proceeds it receives from the Offering to the Dutch State. The proceeds received by the Dutch State will be entirely at its disposal. The Group will not receive any proceeds from the Offering.

DIVIDEND POLICY

General

The Company may only make distributions to its shareholders if its shareholders' equity exceeds the sum of the paid-in and called-up share capital plus the reserves as required to be maintained by Dutch law or by the Articles of Association. The Company may also make distributions on Preferred Shares in accordance with the Articles of Association. Distribution of profit takes place after adoption of the financial statements confirming that distribution is permitted, taking into account all laws and regulations, including the capital requirements of DNB and the Solvency II ratio. Under the Articles of Association, the dividend pay-out is a multi-stage pay-out which can be summarised as follows.

The Executive Board decides, subject to Supervisory Board approval, which part of the annual profits shall be added to the reserves. Any amount then remaining shall be at the free disposal of the General Meeting, which may resolve to add the profits to the reserves or to distribute it among the holders of Shares.

The General Meeting, upon a proposal by the Executive Board, subject to the approval of the Supervisory Board, is authorised to determine that a distribution on Shares will not be made in cash but in the form of Shares, or to determine that holders of Shares will be given the choice between the distribution in cash and/or in the form of Shares, all these distributions being made from the profits and/or from a freely distributable reserve. The Executive Board may, subject to the approval of the Supervisory Board, determine the conditions under which such a choice may be made.

Pursuant to the Relationship Agreement and for as long as NLFI holds more than one-third of the Shares, if the agenda for the General Meeting contains a proposal to designate the Executive Board as the authorised corporate body to resolve to issue Shares (or to grant rights to subscribe for Shares), such proposal for the authorisation may not be used to distribute dividends in the form of Shares. There may be a deviation from the foregoing if NLFI agrees prior to the General Meeting to do so.

When calculating the amount of profit that will be distributed on each Share, only the amount of the obligatory payments on the nominal amount of the Shares will be taken into account.

According to the Articles of Association, distributions shall be due and payable 30 days after they have been declared, unless the corporate body that decided to make the distribution determines another date. For additional information see "Description of Share Capital—Dividends and other Distributions".

Dividend History

In 2016, the Company declared and paid a dividend of €170 million in total in respect of 2015. In 2015 the Company declared and paid a dividend of €139 million in total in respect of 2014. In 2014 the Company declared and paid a dividend of €99 million in total in respect of 2013. The foregoing implies a pay-out ratio of 40% of the reported net profit (after the distribution to holders of Preferred Shares and hybrid capital) in each of the financial years 2013 and 2014. The dividend pay-out in respect of 2015 of €170 million was discretionary. If based, for the first time, on net operating result, this would imply a pay-out ratio of 48% of net operating result attributable to shareholders (i.e. net of hybrid costs, pay-out ratios for the financial years 2013 and 2014, based on net operating result attributable to shareholders and net of hybrid costs, amounted to 46% and 50%, respectively). The operating result is calculated by adjusting IFRS profit before tax (as adjusted for changes in accounting policies and for the items described in "Selected Historical Financial and Operational Information—Key Performance Indicators and Non-IFRS Measures—Operating Results"). Since 2011, the Company has paid (or, in respect of 2015, announced it will pay) cumulative dividends of €567 million and the Group's year-on-year dividend payment growth amounted to 40% in 2014 and to 22% in 2015.

Reservation and Dividend Policy

The Company has formulated its reservation and dividend policy in line with its current strategy. The Company intends to pay an annual dividend that creates sustainable long-term value for its shareholders. The reservation and dividend policy will be determined by the Executive Board, subject to the approval of the Supervisory Board. The Group intends to put the reservation and dividend policy on the agenda of each year's annual General Meeting as a discussion item.

The Company's dividend policy and the intended payment of dividend are subject to regulatory, legal and (internal) financial restrictions and are without prejudice to the absolute discretion of the Executive Board to elect not to make dividend payments or to make higher or lower dividend payments than previously

indicated, and may be limited, restricted or prohibited for any reason, including by the competent supervisory authority. Any dividend proposal may take into account considerations including capital, leverage and liquidity requirements and other regulatory requirements or constraints and internal policy considerations, such as strategy, future income, profits, resources available for distribution, financial conditions, growth opportunities, the outlook of the Group's business, its short-term and long-term viability, general economic conditions, and any circumstance the Executive Board may deem relevant or appropriate. There is no requirement or assurance that the Company will declare and pay any dividends and the Company has the right to amend its dividend policy at any time and for any reason including if changes occur in market circumstances, its performance and solvency or accounting policy.

Subject to the foregoing, the Company intends to pay for the year ended 31 December 2016 a dividend of €175 million, which is to be paid in 2017. This dividend payment is discretionary and not based on the dividend policy that the Company intends to apply from 2017 and beyond.

From 2017, the Company intends to have, also subject to the foregoing, a dividend policy with an ordinary pay-out ratio of 45% to 55% of net operating result attributable to shareholders (i.e. net of hybrid costs, as the interest paid on three of the Group's four hybrid instruments is recorded as an equity movement and not in the income statement, for more information see ("Operating and Financial Review—Hybrid Instruments")). With this dividend pay-out policy, the Company intends to pay over 2017 and for the years thereafter an ordinary dividend annually in line with the Company's medium to long-term financial performance.

The Company intends to pay dividends, if any, either in cash or Shares from the share premium reserve at the election of its shareholders and also intends to neutralise the dilutive effect in case of a share dividend on earnings per ordinary share through the repurchase of Shares. The Company expects there will be no premium to share dividends. In addition, the Executive Board, in its absolute discretion, and after having obtained the necessary regulatory and corporate approvals, may implement other mechanics to return capital such as a share repurchase programme.

To support its ability to maintain cash dividend payments, it is the intention of management of the Group to build and subsequently hold a minimum of €350 million at the holding company in cash or liquid assets, based on a discretionary number of at least twice the average of the last two years' dividends.

The Company aims to operate at a Solvency II ratio, calculated according to the standard formula, above a management threshold level. This management threshold level is currently defined as 160% of the SCR (this level may change over time). In general, it expects to not pay cash dividends if the Group level Solvency II ratio (calculated according to the standard formula) falls below 140% (for information on the internal minimum Solvency II ratio of life and non-life entities see "Business—Mission, Strengths and Strategy—Strategy").

The Company currently intends to consider investing capital above the Solvency II ratio (calculated according to the standard formula) of 160% with the objective of creating value for its shareholders. If and when the Company operates at a certain level (which may change over time) considerably above the 160%, and the Company assesses that it cannot invest this capital in value creating opportunities for a prolonged period of time, the Company may decide to return (part of this) capital to shareholders. If the Company elects to return capital, it intends to do so in the form that is efficient for shareholders at that time.

Manner and Timing of Dividend Payments

A distribution shall be payable no later than thirty (30) days after the date on which such distribution was declared, unless the Executive board sets a different date, and, if it concerns a distribution in cash, in such currency as determined by the Executive Board. Any dividends that are paid to shareholders through Euroclear Netherlands will be automatically credited to the relevant shareholders' accounts without the need for the shareholders to present documentation proving their ownership of the Shares. Payment of dividends on the Shares in registered form (not held through Euroclear Netherlands, but directly) will be made directly to the relevant shareholder using the information contained in the Company's shareholders' register and records.

Uncollected Dividends

A claim for any declared dividend and other distributions lapses five years after the date those dividends or distributions were released for payment. Any dividend or distribution that is not collected within this period will be considered to have been forfeited to the Company.

Taxation on Dividends

Shareholders are generally subject to Dutch dividend withholding tax at a rate of 15% on dividends distributed by the Company. See "Taxation—Certain Dutch Tax Considerations—Withholding tax" for a discussion on what, among other things, constitutes a dividend for Dutch dividend withholding tax purposes.

CAPITALISATION AND INDEBTEDNESS

The tables below set forth the Group's consolidated capitalisation and indebtedness as at 31 March 2016. All information has been derived from the Group's unaudited condensed consolidated interim financial statement's, which have been prepared in accordance with IAS 34 and reviewed by KPMG, and should be read in conjunction with the information included in "Selected Historical Financial and Operational Information" and the information in "Operating and Financial Review".

The Group will not receive any proceeds from the sale of the Shares and Additional Shares (if any). The proceeds of the Offering will be received by NLFI and will therefore not affect the Group's capitalisation.

The following tables show the Group's capitalisation and indebtedness as of 31 March 2016. These tables and the information set out in them have not been audited.

Capitalisation

	As at 31 March 2016
	(in millions of euros) (unaudited)
Total current debt (maturity up to one year) [A]	**3,081**
of which: secured	102
of which: guaranteed	—
of which: unguaranteed/unsecured	2,980
Total non-current debt (excluding current portion of long-term debt) [B]	**530**
of which: secured	33
of which: guaranteed	—
of which: unguaranteed/unsecured	—
of which: subordinated debt	497
Equity[(1)] [C]	**4,219**
of which: share capital and share premium reserve	1,062
of which: legal reserves	1,121
of which: other reserves	1,335
of which: other equity investments[(2)]	701
Total capitalisation [D =A + B + C]	**7,831**

(1) The €4,219 million, as presented in the table above, is the equity attributable to holders of equity instruments. The equity attributable to shareholders only as at 31 March 2016 is €3,518 million.

(2) Other equity instruments are comprised of hybrid investments that are classified as equity according to IFRS.

Indebtedness

	As at 31 March 2016
	(in millions of euros) (unaudited)
Cash	2,095
Cash equivalent (Detail)	2,215
Trading securities	—
Total liquidity	**4,310**
Current financial receivables	**452**
Current bank debt	2,953
Current portion of non-current debt	5
Other current financial debt	123
Total current financial debt	**3,081**
Net current financial indebtedness	**(1,681)**
Non-current bank loans	—
Subordinated debt	497
Bonds issued	—
Other non-current loans	33
Non-current financial indebtedness	**530**
Net financial indebtedness	**(1,151)**

See "Operating and Financial Review—Contingent and Other Off-Balance Sheet Liabilities" for a discussion of the Group's indirect and contingent indebtedness.

SELECTED HISTORICAL FINANCIAL AND OPERATIONAL INFORMATION

The selected historical financial and operational information of the Group shown in the tables below should be read in conjunction with the information contained in "Important Information—Presentation of Financial and Other Information", "Capitalisation and Indebtedness", "Operating and Financial Review", the unaudited condensed consolidated interim financial statements of the Group, the audited consolidated financial statements of the Group, as well as with other financial data appearing elsewhere in this Prospectus.

Selected Consolidated Financial Information

The selected financial information for the first three months of 2016 and 2015 in the tables below has been extracted from the unaudited condensed consolidated interim financial statements of the Group as of and for the three months ended 31 March 2016.

The selected financial information for the years 2015, 2014 and 2013 in the tables below has been extracted from the Historical Financial Information and should be read in conjunction with the Historical Financial Information included elsewhere in this Prospectus and the Group's audited consolidated financial statements as of and for the years ended 31 December 2014 and 2013 (including notes thereto) incorporated herein by reference, as well as with other financial information included elsewhere or incorporated by reference in this Prospectus. For more information, see "Important Information—Presentation of Financial and Other Information—IFRS Information" and "Documents Incorporated by Reference".

Effective 1 January 2015, the Group implemented certain changes to its accounting policies, including accounting for policy acquisition costs, measurement of investment property and measurement of property for own use. For more information on the changes to the accounting policies and their impact on the Group's reported results of operations and balance sheet items as of and for the three months ended 31 March 2016 and 2015 and the years ended 31 December 2015, 2014 and 2013, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations".

In addition, in 2015 the Group re-evaluated how it manages its operating segments and updated its segment reporting to reflect this updated management view. Following this change in segmentation, the Group now reports on six operating segments, including five core segments (Life, Non-life, Banking and asset management, Distribution and services, and Holding and other) and its Real estate development segment, which is in run-off. Furthermore, in 2015 the Group commenced a sale process for part of its real estate development operations as well as for SOS International, which are presented as discontinued operations in the Historical Financial Information and this Prospectus for all periods shown herein. These sales processes resulted in a sale of SOS International on 25 January 2016 and parts of the Real estate development segment on 27 April 2016. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations".

Income Statement Information

	For the three months ended 31 March		For the year ended 31 December		
	2016	**2015**	**2015**	**2014[(1)]**	**2013[(1)]**
	(in millions of euros) (unaudited)		(in millions of euros)		
Gross written premiums	1,626	1,649	4,092	3,787	3,923
Change in provision for unearned premiums	(256)	(247)	16	(4)	1
Gross insurance premiums	**1,370**	**1,402**	**4,108**	**3,783**	**3,924**
Reinsurance premiums	(31)	(36)	(343)	(140)	(164)
Net insurance premiums	**1,339**	**1,366**	**3,765**	**3,643**	**3,760**
Investment income	324	336	1,360	1,432	1,500
Realised gains and losses[(2)]	56	139	716	451	373
Fair value gains and losses[(2)]	(1)	382	922	565	304
Result on investments on behalf of policyholders	(171)	847	559	841	767
Fee and commission income	19	10	52	35	45
Other income	116	50	85	203	181
Share of profit/(loss) of associates and joint ventures	3	—	1	4	15
Total income	**346**	**1,764**	**3,695**	**3,531**	**3,185**
Insurance claims and benefits	(1,127)	(2,616)	(5,541)	(5,197)	(5,113)
Insurance claims and benefits recovered from reinsurers	24	25	291	100	110
Net insurance claims and benefits	**(1,103)**	**(2,591)**	**(5,250)**	**(5,097)**	**(5,003)**
Operating expenses[(3)]	(135)	(131)	(575)	(524)	(529)
Restructuring provision expenses	(3)	(5)	(30)	(28)	(24)
Acquisition costs[(4)]	(91)	(95)	(369)	(387)	(427)
Impairments[(2)]	11	1	29	(101)	(39)
Interest expenses	(70)	(63)	(243)	(315)	(357)
Other expenses[(2)]	(36)	(30)	(242)	(188)	(249)
Total expenses	**(324)**	**(323)**	**(1,430)**	**(1,543)**	**(1,625)**
Profit before tax	**258**	**216**	**780**	**534**	**317**
Income tax benefit (expense)[(2),(4)]	(58)	(30)	(150)	(108)	(74)
Profit from continuing operations	**200**	**186**	**630**	**426**	**243**
Profit (loss) from discontinued operations[(5)]	13	—	(26)	(5)	(1)
Profit for the period	**213**	**186**	**604**	**421**	**242**
Non-controlling interests[(6)]	1	(2)	(3)	2	5
Profit attributable to holders of equity instruments	**214**	**184**	**601**	**423**	**247**

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "—Selected Consolidated Financial Information" above and "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations".

(2) Changes in accounting policies with respect to investment property made in 2015 resulted in the following material adjustments to the reported figures stated in the Group's audited consolidated financial statements as of and for the years ended 31 December 2014 and 2013:

(i) Realised gains and losses decreased by €46 million in 2014 and €113 million in 2013 due to the subsequent sale of properties carried at fair value.

(ii) Fair value gains and losses increased by €32 million in 2014 and decreased by €44 million in 2013 as a result of the revaluation of properties at fair value.

(iii) Impairments decreased by €17 million in 2014 and €52 million in 2013 due to a reversal of impairments booked on investment property previously carried at cost.

(iv) Other expenses decreased by €29 million in 2014 and €32 million in 2013 as a result of depreciation charges related to investment property previously carried at cost.

(v) These changes in accounting policies also resulted in a tax charge of €7 million in 2014 and a tax saving of €18 million in 2013.

(3) The operating expenses for 2011 amounted to €603 million and for 2012 amounted to €567 million.

(4) Changes in accounting policies with respect to acquisition costs made in 2015 resulted in the following adjustments to the reported figures stated in the Group's audited consolidated financial statements as of and for the years ended 31 December 2014 and 2013:

   (i) Acquisition costs decreased by €26 million in 2014 and €28 million in 2013 due to a decline in amortisation of deferred acquisition costs from prior years and the immediate expensing of commissions incurred in 2014 and 2013.

   (ii) These changes in accounting policies also resulted in a tax charge of €7 million in 2014 and a tax charge of €8 million in 2013.

(5) The classification of SOS International and a part of the Real estate development segment as discontinued operations resulted in the following adjustments to the reported figures stated in the Group's audited consolidated financial statements as of and for the years ended 31 December 2014 and 2013: Investment income decreased by €1 million (2013: €0 million); other income decreased by €32 million (2013: decreased by €24 million); share of profit/(loss) of associates and joint ventures increased by €8 million (2013: increased by €1 million); operating expenses decreased by €17 million (2013: decreased by €18 million); other expenses decreased by €13 million (2013: decreased by €6 million). The net impact was an increase of €5 million to profit after tax (2013: increase of €1 million to profit after tax).

(6) The Non-controlling interest relates to joint ventures within the segment Real estate development and in discontinued operations regarding joint development projects.

Balance Sheet Information

	As of 31 March	As of 31 December		
	2016	2015	2014[1]	2013[1]
	(in millions of euros) (unaudited)	(in millions of euros)		
Intangible assets	268	272	139	253
Deferred acquisition costs[2]	—	—	—	—
Property, plant and equipment	169	166	140	97
Investment property[3]	2,644	2,667	2,833	2,759
Associates and joint ventures	21	20	42	42
Investments	26,200	25,063	22,963	19,688
Investments on behalf of policyholders	7,571	7,924	7,957	7,705
Loans and receivables	10,861	10,486	9,607	8,794
Derivatives	3,627	2,196	3,435	1,054
Deferred tax assets[2],[3]	513	516	247	14
Reinsurance contracts	612	611	419	407
Other assets[2],[3]	671	711	737	718
Cash and cash equivalents	4,310	2,628	3,135	1,521
Assets held for sale	80	78	—	—
Total assets	**57,547**	**53,338**	**51,654**	**43,052**
Share capital	100	100	100	100
Share premium reserve	962	962	962	962
Unrealised gains and losses	656	686	737	581
Actuarial gains and losses	(707)	(467)	(634)	(107)
Other reserves	2,293	1,692	1,440	1,377
Profit for the period	214	601	423	247
Total equity attributable to shareholders	**3,518**	**3,574**	**3,028**	**3,160**
Other equity investments	701	701	701	515
Equity attributable to holders of equity instruments[2],[3]	**4,219**	**4,275**	**3,729**	**3,675**
Non-controlling interests	(17)	(16)	(20)	(18)
Total equity	**4,202**	**4,259**	**3,709**	**3,657**
Subordinated liabilities—Total	497	497	—	—
Liabilities arising from insurance contracts[2]	33,422	30,573	28,226	23,893
Liabilities arising from insurance contraction on behalf of policy holders	9,726	9,997	9,779	8,992
Employee benefits	3,180	2,962	3,123	2,426
Provisions	55	50	38	36
Borrowings	53	55	117	98
Derivatives	582	377	387	535
Due to customers	1,866	1,760	1,949	1,366
Due to banks	2,954	1,804	3,277	677
Other liabilities	983	966	1,049	1,372
Liabilities held for sale	27	38	—	—
Total liabilities	**53,345**	**49,079**	**47,945**	**39,395**
Total liabilities and equity	**57,547**	**53,338**	**51,654**	**43,052**

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "—Selected Consolidated Financial Information" above and "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations".

(2) Changes in accounting policies with respect to acquisition costs made in 2015 resulted in the following adjustments to the reported figures stated in the Group's audited consolidated financial statements as of and for the years ended 31 December 2014 and 2013:

(i) Deferred acquisition costs decreased by €213 million in 2014 and €241 million in 2013 because acquisition costs are now recognised directly through profit or loss when incurred instead of being deferred and amortised over the duration of the applicable insurance contracts. In addition, prepaid commissions for Non-life products which were previously included in deferred acquisition costs are now included in other assets.

(ii) Other assets increased by €56 million in 2014 and €57 million in 2013 as prepaid commissions for Non-life products which were previously included in deferred acquisition costs are included in other assets.

(iii) Liabilities arising from insurance contracts increased by €3 million in 2014 and €4 million in 2013.

(iv) Equity attributable to holders of equity instruments decreased by €122 million in 2014 and €142 million in 2013 due to the fact that all costs incurred to acquire insurance (acquisition costs) will be charged directly to the income statement.

(v) The tax effect of these changes resulted in the deferred tax assets increasing by €38 million in 2014 and €46 million in 2013.

(3) Changes in accounting policies with respect to investment property made in 2015 resulted in the following adjustments to the reported figures stated in the Group's audited consolidated financial statements as of and for the years ended 31 December 2014 and 2013:

(i) Investment property increased by €1,069 million in 2014 and €1,042 million in 2013 as a result of the revaluation at fair value.

(ii) Other assets increased by €4 million in each of 2014 and 2013.

(iii) Equity attributable to holders of equity instruments increased by €804 million in 2014 and €784 million in 2013 due to the increase in fair value of investment property.

(iv) The tax effect of these changes resulted in the deferred tax liabilities increasing by €269 million in 2014 and €260 million in 2013.

Statement of Cash Flows Information

	For the three months ended 31 March		For the year ended 31 December		
	2016	2015	2015	2014	2013
	(in millions of euros) (unaudited)		(in millions of euros)		
Cash and cash equivalents as at the beginning of the period	2,631	3,135	3,135	1,521	2,556
Cash flows from operating activities	1,681	1,856	(485)	1,683	(811)
Cash flows from investing activities	(4)	(49)	(293)	(67)	(62)
Cash flows from financing activities	3	(37)	274	(2)	(162)
Cash and cash equivalents as at period-end	**4,311**	**4,905**	**2,631**	**3,135**	**1,521**
Of which cash and cash equivalents classified as held for sale[(1)]	1	—	3	—	—

(1) In line with IFRS accounting requirements, the statement of cash flows numbers are restated for all operations that were classified as discontinued at 31 March 2016 (which are the same operations that were classified as discontinued at 31 December 2015). As a consequence of this IFRS requirement, the statement of cash flow numbers for 2014 and 2013 are not entirely comparable to the audited financial statements for these two years. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations". The classification to discontinued operations resulted in the following adjustments to the reported figures stated in the Group's audited consolidated financial statements as of and for the years ended 31 December 2014 and 2013: €0 and €1 million, respectively.

Key Performance Indicators and Non-IFRS Financial Measures

This Prospectus presents certain financial measures that are not measures defined under IFRS, including operating results. These non-IFRS financial measures are not measures of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. In addition, such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies, because the above-mentioned non-IFRS financial measures are not defined under IFRS, other companies may calculate them in a different manner than the Group which limits their usefulness as comparative measures. The Group believes that these non-IFRS measures are important to understand the Group's performance and capital position.

Operating Results

Operating results are calculated by adjusting profit before tax reported in accordance with IFRS, as adjusted for the changes in accounting policies, for the items described below (the "**Incidental Items**"). For more information on the changes in accounting policies and their impact on the Group's results as reported in accordance with IFRS, see "—Selected Consolidated Financial Information" above. Operating results are not audited.

The Incidental Items include:

- investment income of an incidental nature (including capital gains and losses, impairments and fair value changes) on financial instruments held for own use, net of applicable shadow accounting and net of additional provisions recognised for realised gains and losses on financial assets ("compensation of realised capital gains") impact;
- changes in insurance reserves related to a change in methodology which has an impact of more than €10 million;
- results of non-core operations (including the Real estate development segment); and
- other non-recurring or one-off items, which are not related to the core business and/or ongoing business of the Group, such as restructuring costs, changes in the own pension arrangements and expenses related to the privatisation of the Group.

The table below shows a reconciliation of the Group's profit before tax reported in accordance with IFRS, adjusted for the changes in accounting policies, to operating results for the periods indicated.

	For the three months ended 31 March		For the year ended 31 December		
	2016	**2015**	**2015**	**2014[1]**	**2013[1]**
	(in millions of euros) (unaudited)		(in millions of euros) (unaudited, unless indicated otherwise)		
Profit before tax	**258**	**216**	**780[2]**	**534[2]**	**317[2]**
Incidental results of investments:					
Capital gains[3]	(10)	(36)	(194)	(156)	(174)
Impairment[4]	(11)	(1)	(12)	(13)	39
Unrealised capital gains[5]	(19)	(37)	(165)	(48)	77
Total incidental results of investments	**(40)**	**(74)**	**(372)**	**(217)**	**(58)**
Other incidental items:					
Restructuring costs[6]	3	5	30	28	24
Start-up costs[7]	(1)	2	7	7	1
Impact own pension plan[8]	(107)	1	(40)	(78)	(27)
Shareholder and exit costs[9]	4	5	24	13	8
VOBA impairment[10]	—	—	—	93	—
Result of non-core operations[11]	8	(1)	92	11	66
Other[12]	7	(26)	(1)	26	1
Total other incidental items	**(86)**	**(14)**	**113**	**100**	**73**
Operating result	**132**	**128**	**521**	**417**	**332**
of which Non-life	32	34	169	155	(35)
of which Life	121	102	434	349	446
of which Banking and asset management	—	4	12	7	4
of which Distribution and services	8	3	3	2	1
of which Holding and other	(30)	(17)	(93)	(102)	(84)
of which Eliminations[13]	1	2	(4)	6	—

(1) On the basis of accounting policies adopted in 2015. For more information, see "—Selected Consolidated Financial Information" above and "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations".

(2) Figures for 2015 audited; figures for 2014 and 2013 extracted or derived from audited financial statements.

(3) An adjustment is made to reverse the capital gains and losses on the investment portfolio against which no compensation through the technical provision is applied and which are recognised in the income statement when incurred. Capital gains on fixed income securities were € 6 million in the first quarter of 2016 (first quarter of 2015: €18 million). Capital gains on equity securities were €4 million in the first quarter of 2016 (first quarter of 2015: €17 million). Capital gains on fixed income securities were €42 million in 2015 (2014: €61 million; 2013: €90 million). Capital gains on equity securities were €149 million in 2015 (2014: €96 million; 2013: €85 million).

(4) A reversal of impairments on the fixed income portfolio to the value of €16 million occurred in the first quarter of 2016 mainly as a result of the reversal of previously impaired corporate bonds (€11 million) and €1 million in the first quarter of 2015. Equity

securities valued at €1 million were impaired in the first quarter of 2016 (first quarter of 2015: nil). Furthermore, trade and other receivables were impaired for an amount of €4 million in the first quarter of 2016 (first quarter of 2015: reversal of €1 million). A reversal of impairments on the fixed income portfolio to the value of €35 million occurred in 2014 (2013: reversal of €46 million). Equity securities valued at €26 million were impaired in 2014 (2013: €14 million). An amount of €63 million relating to loans and receivables and term due to credit institutions including, amongst others, SNS Reaal (€28 million) and partners and intermediaries (€26 million) were impaired in 2013. Furthermore, a reversal of impairments on mortgage loans occurred in 2013 (€14 million), whereas impairments were booked on property for own use in 2013 (€21 million).

(5) The unrealised capital gains and losses of fair value investments through profit or loss, including the impact of shadow accounting, are reversed in a similar method to the capital gains and losses. The Group's shadow accounting policy, as permitted under IFRS, refers to the process whereby adjustments are made to the insurance liability to reflect the unrealised gain or loss from the financial instruments backing these insurance liabilities. These shadow adjustments are recognised in the same line item as the corresponding movement on the investment. Recognising and presenting changes in the value of financial instruments backing insurance liabilities and on the related insurance liabilities themselves in this consistent manner helps to reduce potential accounting mismatches. For more information, see "Operating and Financial Review—Principal Accounting Policies, Estimates and Judgements—Liabilities Arising from Insurance Contracts—Shadow Accounting". Unrealised capital gains reported through the income statement turned positive in 2014, after losses in 2013 mainly in fixed income securities and investment properties reflecting, respectively, the lower interest environment and the recovery of real estate markets.

(6) The first quarter of 2016 includes €3 million of restructuring costs involving 21 FTEs and the first quarter of 2015 includes €5 million of restructuring costs involving 36 FTEs. In 2015, €30 million of restructuring costs involving 218 FTEs was included; in 2014 €28 million of restructuring costs was included for provisions related to various reorganisations involving 207 FTEs; and in 2013 provisions were set up for an amount of €24 million involving 170 FTEs. The provisions for staff restructuring are based on arrangements agreed in the Group's collective labour agreement, restructuring plans, and on decisions made by management of the Group. During the period 2013 to 2015, the Group reduced fixed head count by 483 FTEs (excluding acquisitions).

(7) In each period, reflects start-up costs related to Solid Mortgages B.V., which is a project that the Company is no longer pursuing, and therefore costs associated with this project are considered non-core.

(8) For the first quarter of 2016, the €107 million adjustment was mainly due to a change in indexation assumptions applied in calculating the IAS 19 defined benefit obligation for inactive members. For 2015, the €40 million adjustment consists of €30 million of surplus interest (mainly capital gains) attributable to the (own) pension plan. This is not considered investment income as the Group expects this to be needed to fund the indexation of its pension liability in the future. The remaining €10 million relates to a settlement in 2015 between the Holding segment and the Life segment which was erroneously not eliminated at December 2014. The Group did not retrospectively adjust for the error detected. In 2014, the Group adjusted the indexation arrangements of inactive members, making a change from unconditional indexation of claims to conditional indexation for a large part of inactive members, with the result that €78 million was released from the IAS19 provision. In 2013 the accrual rate for the pension changed to 1.9% for all active members in the pension plan as per 1 January 2014 (*Witteveen-kader*). This change was reflected in the €27 million positive result on past service cost.

(9) In each period, reflects costs charged by NLFI; in 2014 and 2013 also costs related to earlier Group privatisation processes are included.

(10) In 2014, a €93 million impairment of value of business acquired ("**VOBA**") was recognised given the structural market developments in the Life portfolios containing unit-linked policies.

(11) Profit before tax of the Real estate development segment (other than discontinued operations). Since the Group no longer classifies its real estate development business as one of its core activities and since the Real estate development segment is in run-off, its results are excluded from the operating result of the Group.

(12) In the first quarter of 2016, the balance of €6 million is related to a provision for VAT for the past five years. The balance of the first quarter of 2015 mainly consisted of a gain of €25 million as a result of the revisiting and closing of several aged suspense account items with respect to former pension plans. For 2014, the amount primarily reflects provisions of €18 million for a claim incurred from pensioners (own employees) who disagree with the abolishment of discounts on health insurance policies. Furthermore, it relates to a one-off payment by the Group of €14 million to its employees for the increase of the pension age from 65 to 67. These expenses were partly offset by a €7 million compensation for the termination of a redevelopment agreement in respect of a real estate development project.

(13) Adjustment relates to intersegmental eliminations.

Key Performance Indicators

The following table shows the Group's key performance indicators, including non-IFRS financial measures, for the periods indicated.

	For the three months ended 31 March		For the year ended 31 December		
	2016	2015	2015	2014[(1)]	2013[(1)]
	(in millions of euros, unless indicated otherwise) (unaudited)		(in millions of euros, unless indicated otherwise) (unaudited, unless indicated otherwise)		
Non-life segment					
Gross written premiums[(2)]	841	830	2,350	2,359	2,392
Combined ratio*[(3)]	96.0%	96.5%	95.0%	94.8%	104.9%
Life segment					
Gross written premiums[(2)]	843	874	1,828	1,543	1,666
New business profitability[(4)]:					
NB RaRoRac*	n/a	n/a	5.5%	n/a	n/a
VANB*	n/a	n/a	6	(17)	7
Operating expenses[(5)]	48	45	205	178	194
Other segments					
Banking and asset management—Operating result growth*[(6)]	(100)%	n/a	71%	75%	n/a
Distribution and services—Operating result growth*[(6)]	167%	n/a	50%	100%	n/a
Group					
Net result[(7)]	214	184	601[(8)]	423[(8)]	247[(8)]
Operating result*[(9)]	132	128	521	417	332
Operating costs*[(10)]	130	123	538	485	510
Return on equity (ROE)*[(11)]	23.2%	21.4%	17.2%	11.0%	7.1%
Operating return on equity (Operating ROE)*[(12)]	12.6%	14.8%	13.9%	11.7%	9.0%
DNB Solvency I ratio**[(13)] (as at period end)	n/a	n/a	305%[(8)]	285%[(8)]	268%[(8)]
Solvency II ratio (mid-point estimate as at period end based on standard formula)**[(14)]	~185%	n/a	185%	169%	n/a
Interest coverage ratio*[(15)] (as at period end)	15.0	16.1	14.6	11.2	7.2
Operating interest coverage ratio*[(16)] (as at period end)	7.8	9.6	9.8	8.8	7.5
Financial leverage ratio*[(17)] (as at period end)	25.4%	n/a	25.1%	23.9%	14.0%
Double leverage ratio*[(18)]	105.5%	n/a	101.9%	121.0%	116.9%

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

** Regulatory ratio.

(1) On the basis of accounting policies adopted in 2015. For more information, see "—Selected Consolidated Financial Information" above and "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations".

(2) The full amount of premiums (both earned and unearned) for insurance contracts written or assumed during the period, without deductions for premiums ceded to reinsurers.

(3) The sum of Non-life insurance net claims and benefits (net of interest accrual on reserves, compensation of realised capital gains and prudence margin for Health), net fee and commission expense and operating expense (excluding investment costs), expressed as a percentage of net earned premiums.

(4) Valued Added by New Business ("VANB") and Risk Adjusted Capital On New Business ("NB RaRoRac") represent the value added by new business written in the reporting period based on discounted future cash flows and do not include future new business. In comparison to VANB, NB RaRoRac not only takes into account the required capital on insurance, counterparty and operational risks, but also takes into account the required capital on market risk (i.e. interest rate risk; credit risk; equity price risk and property risk). Both measures are calculated for internal management purposes on a quarterly basis using the quarter-end economic assumptions, except for the single premium business which is valued using economic assumptions at point of sale. Most operating assumptions are updated on a yearly basis, except for inflation and initial expenses which are updated on a quarterly basis. Since most operating assumptions are set on a yearly basis, only full-year VANB and NB

RaRoRac numbers are presented in the table above. A positive VANB means that the after-tax return on new business written (excluding investment returns), based on the assumptions applied, is expected to exceed the risk free return plus cost of capital. The NB RaRoRac is presented as a percentage of the required capital with regard to the new production and is compared to the internal hurdle rate based on the risk free return plus cost of capital. From 2015 onwards, the Group uses NB RaRoRac to measure new business profitability. For 2013, 2014 and 2015 the Group measured new business profitability by VANB.

(5) Expenses associated with the segment's operations that are directly attributable to the reporting period, such as marketing costs, information technology expenses, consulting fees, business accommodation expenses, cost of temporary staff, and depreciation charges. Personnel expenses are mainly comprised of salaries, social security contributions and pension costs.

(6) The percentage at which operating result grew in a given period for the segment presented (including contributions from acquisitions), relative to the previous period.

(7) Net profit for the period attributable to holders of equity instruments reported in accordance with IFRS. Since amounts attributable to non-controlling interests are excluded from net result, the net result differs from the profit for the period.

(8) Figures for 2015 audited; figures for 2014 and 2013 extracted or derived from audited financial statements.

(9) Profit before tax reported in accordance with IFRS, adjusted for changes in accounting policies and Incidental Items. For more information, see "—Operating Results" above.

(10) Operating expenses reported in accordance with IFRS, adjusted on the same basis as operating results, i.e. for changes in accounting policies and Incidental Items. For more information, see "—Operating Results" above.

(11) Calculated as restated profit attributable to holders of equity instruments minus interest on hybrid instruments (net of taxes), divided by average equity (excluding hybrid instruments). The quarterly return on equity for the three months ended 31 March 2016 and 2015 was annualised by multiplying by four. The quarterly number used in annualising the return on equity is not necessarily representative of the return on equity for the remaining three quarters of the relevant year.

(12) Calculated as operating result after costs of hybrid capital (net of 25% taxes and penalty interest payments), divided by average equity (excluding (i) hybrid instruments; (ii) unrealised gains and losses reserve and (iii) equity attributable to the Real estate development segment (both continuing and discontinued operations) and SOS International. The quarterly operating return on equity for the three months ended 31 March 2016 and 2015 was annualised by multiplying by four. The quarterly number used in annualising the operating return on equity is not necessarily representative of the operating return on equity for the remaining three quarters of the relevant year.

(13) Available solvency capital as percentage of required solvency capital, both as defined in the Insurance Groups Directive of the EU (98/78/EC) (using the DNB swap curve including the UFR, as published by the Dutch Central Bank). With effect as of 1 January 2016, Solvency II replaced Solvency I.

(14) The Solvency II ratio (mid-point estimate) is calculated by the ratio of available capital to required capital measured by using the standard formula under the Solvency II regulatory framework. Due to inherent uncertainties, the presented Solvency II ratio could vary. The Solvency II ratio presented could vary by a bandwidth of −10 percentage points to +10 percentage points relative to the mid-point estimate. The Solvency II ratios shown reflect the deduction of proposed dividends in respect of the relevant year. The manner in which Solvency II numbers are to be calculated underwent a number of changes during the development and finalisation of Solvency II regulatory requirements. As the methodology used to calculate the Solvency II ratio changed during 2015, the Solvency II ratio for 2014 should not be directly compared to the Solvency II ratio for 2015. In light of the changes in methodology, no Solvency II ratio is included for 2013. Although the Group does not disclose quarterly Solvency II ratios it estimates that the Solvency II ratio as at 31 March 2016 will be within the same bandwidth as the Solvency ratio as at 31 December 2015. For more information, see "Operating and Financial Review—Capital Requirements—Solvency II" and "Dividend Policy".

(15) Profit before tax (excluding interest expenses on debt securities) / Total interest expenses on debt securities.

(16) Operating result before tax (excluding interest expenses on debt securities) / Total interest expenses on debt securities.

(17) Calculated as financial leverage (i.e. outstanding hybrid instruments and senior loans) divided by financial leverage plus equity attributable to shareholders.

(18) Calculated as total equity value of the subsidiaries divided by Group equity, plus hybrid instruments.

Selected Segment Financial Information

Operating Results by Segment

Operating results (before tax) as presented by the Group is not a measure of financial performance under IFRS. Because IFRS does not define how operating results are measured, operating results as presented by the Group may not be comparable to similarly titled measures of performance of other companies in its industry. For a discussion of how the Company calculated operating results, see "—Key Performance Indicators and Non-IFRS Financial Measures—Operating Results".

The Group's operating segments correspond to its internal management reporting by business line. In 2015, the Group re-evaluated how it manages its operating segments and updated its segment reporting to reflect the updated management view. Following this change in segmentation, the Group now reports on six operating segments, including five core segments (Life, Non-life, Banking and asset management,

Distribution and services, and Holding and other) and its Real estate development segment, which is in run-off. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations".

The table below sets forth the breakdown of operating result by core segment for the periods indicated on the basis of segmentation effective as of 2015. Since the Group no longer classifies its real estate development business as one of its core activities and the Real estate development segment is in run-off, its results are not included in the operating result of the Group and are not presented on an operating result basis.

	For the three months ended 31 March		For the year ended 31 December		
	2016	2015	2015	2014(1)	2013(1)
	(in millions of euros)		(in millions of euros)		
	(unaudited)		(unaudited)		
Non-life	32	34	169	155	(35)
Life	121	102	434	349	446
Banking and asset management	—	4	12	7	4
Distribution and services	8	3	3	2	1
Holding and other	(30)	(17)	(93)	(102)	(84)
Eliminations(2)	1	2	(4)	6	—
Total operating result(3)	**132**	**128**	**521**	**417**	**332**

(1) On the basis of accounting policies adopted in 2015. For more information, see "—Selected Consolidated Financial Information" above and "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations".

(2) Adjustment relates to intersegmental eliminations.

(3) Operating results are calculated by adjusting profit before tax reported in accordance with IFRS for Incidental Items. See "—Key Performance indicators and Non-IFRS Financial Measures" for more detail on what the Incidental Items include. Given the fact that adjustments are made, operating result numbers are not comparable with IFRS numbers.

Selected Balance Sheet Information by Segment

The table below sets forth certain selected consolidated balance sheet information with respect to the Group's operating segments as at 31 December 2015. For the complete segmented balance sheets, see "The Group's Consolidated Financial Statements as of and for the Year Ended 31 December 2015—Segmented Balance Sheet".

	As at 31 December 2015			
	Investments(1)	Total Assets	Total Liabilities	Total Equity
	(in millions of euros)			
Non-life	4,594	5,938	4,808	1,130
Life	20,041(2)	44,973	41,295	3,678
Banking and asset management	376	1,308	1,226	82
Distribution and services	—	81	28	53
Real estate development(3)	—	172	188	(16)
Holding and other	2,587	3,433	4,088	(655)
Eliminations(4)	(2,535)	(2,567)	(2,554)	(13)
Total	**25,063**	**53,338**	**49,079**	**4,259**
Of which classified as held for sale(3)	—	78	38	40
Total continuing operations	**25,063**	**53,260**	**49,041**	**4,219**

(1) Investments are a sub-set of the total assets and therefore also included in the column Total Assets.

(2) In addition to the €20,041 million of investments for which the Group bears the investment risk, €7,924 million is attributable to investments where policyholders bear the investment risk. At 31 December 2015 the total investments of the Life segment were €27,965 million.

(3) In line with IFRS accounting requirements, the balance sheet information for the comparative periods 2013 and 2014 are neither restated nor remeasured for all operations that were classified as held for sale (for Balance Sheet presentation purposes) or discontinued operations (for Income Statement presentation purposes) at 31 December 2015.

(4) Eliminations represent intercompany eliminations, which include the Holding segment's own pension liability, which is insured by a subsidiary that underwrites life insurance (this subsidiary forms part of the Life segment).

OPERATING AND FINANCIAL REVIEW

The following discussion and analysis of the Group's results of operations and financial condition relates to the Historical Financial Information, and should be read, subject to the cautionary statements noted in "Risk Factors", in conjunction with the Historical Financial Information included elsewhere in this Prospectus and the Group's audited consolidated financial statements as of and for the years ended 31 December 2014 and 2013 (including notes thereto) incorporated herein by reference, as well as with other financial information included elsewhere or incorporated by reference in this Prospectus. For more information, see "Important Information—Presentation of Financial and Other Information—IFRS Information" and "Documents Incorporated by Reference".

Effective 1 January 2015, the Group implemented certain changes to its accounting policies, including accounting for policy acquisition costs, measurement of investment property and measurement of property for own use. For more information on the changes to the accounting policies and their impact on the Group's reported results of operations and balance sheet items as of and for the three months ended 31 March 2016 and 2015 and the years ended 31 December 2015, 2014 and 2013, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations".

In addition, in 2015 the Group re-evaluated how it manages its operating segments and updated its segment reporting to reflect this updated management view. Following this change in segmentation, the Group now reports on six operating segments, including five core segments (Life, Non-life, Banking and asset management, Distribution and services, and Holding and other) and its Real estate development segment, which is in run-off. Furthermore, in 2015 the Group commenced a sale process for part of its real estate development operations as well as for SOS International, which are presented as discontinued operations in the Historical Financial Information and this Prospectus for all periods shown herein. These sales processes resulted in a sale of SOS International in the first quarter of 2016 and parts of the Real estate development segment in April 2016. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations".

Overview

The Group is the second largest Non-life (excluding health insurance) and the sixth largest Life insurance provider in the Netherlands, as measured by GWP in 2014 (latest period for which public information is available) (*source: DNB*). The Group plans to continue to focus its insurance business on, in respect of its Non-life activities, P&C, Disability and Health insurance and, in respect of its Life activities, Pensions, Individual life and Funeral insurance, as well as the distribution of insurance products. The Group also offers certain banking and investment products and asset management services. Except for servicing a small Belgian funeral insurance portfolio, the Group operates exclusively in the Dutch market.

In 2015, the Group recorded GWP of €4,092 million and an operating result (before tax) from continuing operations of €521 million.

The Group's operations are divided into six operating segments, including five core segments (Non-life, Life, Banking and asset management, Distribution and services, and Holding and other) and its Real estate development segment, which is in run-off. In the past, the Group's business mix shifted from being predominantly a Life-dominated business to having a greater focus on its Non-life business as measured in terms of GWP, and the trend has continued in recent years. Life GWP in 2013 was 42.5% of the Group's GWP, compared with 39.2% in 2015, excluding the effect of a large single-premium buy out of €370 million in 2015. The GWP of Life in 2015, including the effect of the large single-premium buy out, was 44.7% of the Group's GWP.

Non-life: The Non-life segment is the Group's largest segment measured by GWP and comprises all types of Non-life insurance policies offered by the Group, which are organised into three insurance product lines: P&C, Disability and Health. In 2015, the Non-life segment accounted for 32.4% of the Group's operating result (before tax) and recorded €2,350 million in GWP, representing 57.4% of the Group's GWP. As at 31 December 2015, the equity of the Non-life segment amounted to €1,130 million.

Life: The Life segment comprises three insurance product lines: Pensions, Individual life and Funeral. In 2015, the Life segment accounted for 83.3% of the Group's operating result (before tax). The Life segment recorded €1,828 million GWP, representing 44.7% of the Group's GWP, and €92 million of new business

measured by annual premium equivalent ("**APE**") in 2015. As at 31 December 2015, the equity of the Life segment amounted to €3,678 million.

Banking and asset management: The Banking and asset management segment comprises retail savings and investment services provided by ASR Bank N.V. and the Group's asset management and real estate asset management businesses, as well as mortgage lending services provided to retail customers and as part of the asset management services of the Group. The mortgage lending activities are originated by ASR Levensverzekering N.V. (the life segment), but serviced by ASR Hypotheken B.V., which is part of the Banking and asset management segment. The Banking and asset management segment is a relatively small part of the Group. In 2015, it accounted for 2.3% of the Group's operating result (before tax). As at 31 December 2015, ASR Bank N.V. was responsible for total AuM of €1,652 million. As at 31 December 2015, ASR Vastgoed Vermogensbeheer B.V. (real estate investment management) was responsible for total AuM of €4,215 million (of which €2,896 million was for the Group's own account). As at 31 December 2015, ASR Nederland Beleggingsbeheer N.V. (investment manager for external clients) was responsible for total AuM of €6,290 million, all for third parties. As at 31 December 2015, ASR Hypotheken B.V. (mortgages) was responsible for total AuM of €6,522 million, all for the Group's own account. As at 31 December 2015, the equity of the Banking and asset management segment amounted to €82 million.

Distribution and services: The Distribution and services segment of the Group comprises the operations involving the distribution of insurance products as well as additional services provided to intermediaries and policyholders, including outsourced services such as the provision of certain back-office functions. The Group believes that these services are synergistic to its Non-life insurance activities. The Distribution and services segment (not taking into account the results of SOS International which is treated as discontinued operations) accounted for 0.6% of the Group's operating result (before tax) in 2015. As at 31 December 2015, the equity of the Distribution and services segment amounted to €53 million not taking into account SOS International which was sold in the first quarter of 2016.

Holding and other: The activities of the Holding and other segment consist primarily of the holding activities of the Group (including audit, group finance, group risk management, group balance sheet management, corporate communication and marketing) and other holding and intermediate holding companies, minority stakes in other businesses, as well as of certain pension obligations towards the Group's employees, though most pension related costs are allocated to the relevant business segment. In addition, the Holding and other segment serves as the employer for the Group's employees, but employment related costs, other than for employees that perform primarily holding-related activities, are generally downstreamed to the relevant business. A portion of the costs incurred by the Holding and other segment are recharged to the relevant segments, in proportion to where employees perform services or where activities are performed. The Holding and other segment is a cost centre and its negative contribution to the Group's operating result (before tax) in 2015 amounted to a loss of €93 million. As at 31 December 2015, the equity of the Holding and other segment amounted to €(655) million.

Real estate development: The Real estate development segment (other than the discontinued operations) is in run-off and consists primarily of the Group's Leidsche Rijn Centrum project (including commitments and guarantees in respect thereof) and the Centrum Plan Waddinxveen project. The Group's other real estate development activities are classified as discontinued operations for all periods shown herein and are not included in the results of the Real estate development segment. The Group considers the activities of the Real estate development segment as non-core and currently intends to develop the segment's projects to their completion or dispose of the remaining activities or individual projects if it can do so on commercially attractive terms while not commencing any new projects. In April 2016, the Group sold part of the real estate development activities classified as discontinued operations. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations". The results of the Real estate development segment are not reflected in the Group's operating result as the operations are in run-off. In 2015, the negative contribution of the Real estate development segment to the Group's profit (before tax) amounted to a loss of €93 million. As at 31 December 2015, the equity of the Real estate development segment amounted to €(16) million.

Key Drivers of Profitability

The profitability of the Group's business lines is affected by the following key drivers specific to the relevant activities.

The Non-life Insurance Business

The non-life insurance business of the Group is a risk-based business. The primary drivers of profit generation for non-life products depend on: the Group's expertise to adequately assess and price the risk of a claim occurring (this process is referred to as underwriting); the Group's ability to process claims in a cost effective manner; and the ultimate aggregate amount of the claims. Underwriting results can be influenced through risk selection, pricing and claims management.

Apart from the underwriting result, investment income generated through the investment of unearned premium and outstanding claims reserves is a source of income for the Group's non-life business. The size of these technical reserves and hence the amount of the investment income is related to the time lag between the receipt of premiums and the emergence and settlement of claims. Product lines for which the length of time between an incident and the settlement of the resulting claim is relatively short (such as fire and motor insurance), have relatively modest outstanding claims reserves and unearned premium. On the other hand, longer duration policies (such as disability insurance) require higher technical reserves and typically generate more significant levels of investment income. In each case, investment income is dependent on prevailing conditions in financial markets as well as the Group's ability to successfully manage its investments in a risk-appropriate manner.

For non-life insurance, the volume of activities is measured by GWP and not by the size of outstanding claims reserves. Earned premiums, net of reinsurance, are the portions of written premiums that are considered to be earned in a particular reporting period. The Group measures the profitability of its non-life business through, among other things, the combined ratio, which is the sum of the claims ratio, commission ratio and expense ratio; for more information on how these ratios are calculated, see "—Key Performance Indicators" below. Although the combined ratio is a common key performance indicator for non-life insurance companies, it is not consistently calculated across the industry. Calculated by product line, a combined ratio below 100% is indicative of an underwriting profit for that product line. The combined ratio disregards investment income, which may be an important source of income for longer duration products (such as disability and liability insurance) with a relatively lengthy period of time between the incident and payment of the resulting claim. The profitability of the non-life business will also be affected by the level of reinsurance purchased by the Group. The Group's reinsurance programme aims to reduce the volatility of the underwriting results, improve the stability of operating results of the relevant business line and operating segment, as well as to dispose of risks that are outside the Group's risk appetite, but as it is a cost to the Group, it may lower its overall levels of profitability.

The frequency and severity of claims incurred are subject to short-term fluctuation due to economic circumstances, extreme weather conditions, legal and technological changes and other factors, and as a result are inherently unpredictable. Competitive pressure and policyholder behaviour also leads to cyclicality in the non-life insurance industry, the length and timing of which tends to vary by product line. The Group strives to reduce the unpredictability of claims on the portfolio by using statistical models and implementing other measures, such as short-cycle detailed performance evaluations that feed into underwriting criteria and portfolio management.

Long-term profitability of the Health business, in particular in basic Health insurance, is limited due to the highly regulated market and the Dutch federal health system, incorporating an equalisation scheme for insurers. The compensation scheme and a statutory 3-year delay in settlements also distort reported annual results. For more information, see "Supervision and Regulation—Dutch Regulatory Framework—Insurance and Insurance-Related Regulation—Health Insurance Companies".

The Life Insurance Business

In the life insurance business line, there are two principal distinct types of profit drivers which are based on the source of the (gross) profit margin.

Risk-Based Business

Risk-based business arises from life insurance products that generate income from three sources: coverage of mortality and morbidity risk, longevity risk and a spread on investment returns. These products include individual life policies, insurance sold to third-party DB pension plans and funeral insurance.

The coverage of mortality and morbidity risk offers protection against certain events, such as disability or death, typically in the form of a guaranteed, fixed pay-out. Profit generation for these risk-based products depends on the Group's underwriting expertise to adequately assess and price the risk of a claim occurring

as well as the ultimate amount of that claim. The underwriting result is calculated as the difference between amounts charged to policyholders for mortality and morbidity risk less benefit claims in excess of related policyholder balances.

Spread on investment returns is earned when premiums are invested for the risk of the Group in general account assets and the amounts earned from the investment exceeds the cost of carrying these policies.

Fee-Based Business

Fee-based business arises from life insurance products that generate income through charges against policyholder premiums and/or policyholder balances. These charges may be implicit within the premiums to cover expenses arising from services provided by the Group, such as in traditional life insurance products. The charges to cover commission, administrative and asset management expenses may also be explicit in the form of fees, such as in unit-linked products or defined contribution ("**DC**") pension plan policies. With these products, policyholders may invest premium payments at their own risk. As movements in the value of the assets backing such policies are matched by equivalent movements in the value of insurance liabilities, the investment return on such assets has no impact on the Group's profitability. Instead, the profitability of these products depends on the margin between the charges to the policyholders for commission, administration and asset management expenses and the actual expenses incurred by the Group for providing these services. In 2015, fees and premium-based revenues accounted for 1.9% of GWP of the Life segment.

In practice, many of the Group's life insurance products are a mix of the two types described above.

The Banking and Asset Management Segment

The Group's Banking and asset management operating segment is split between banking and asset management. Banking is primarily a spread-based business, i.e. its results are driven by the margin between interest received on investments (primarily mortgages) and interest paid on savings and deposits. Asset management is primarily a fee-based business, i.e. its results are driven by fees received for asset management services rendered.

The banking business primarily develops banking products focusing on savings, for which the segment earns interest income. For the asset management business, fees are generally charged to clients for asset management and the related administrative services provided. Fee income is predominantly based on the market value of AuM that the Group manages for its clients and the fee level per asset class it charges for the services provided. Fee income may also include performance-based fees, as some assets are managed on a performance fee basis. However the operating result (before tax) of the investment management activities is mainly driven by the market value of invested AuM, the average fee level and expenses. Fees typically have different levels depending on the asset class, type of customer and size of the managed portfolio. As the Group offers all major investment classes and investment styles, its average fee level depends on the relative proportions of investment classes such as, for example, equities and fixed income, where equity funds generally generate higher fees than fixed income funds. AuM can change significantly over time, due to investment performance and the net flow of assets invested and withdrawn by clients.

The Distribution and Services Segment

The companies in the Distribution and services segment provide services to intermediaries on a stand-alone basis. In addition, the companies in the Distribution and services segment provide advice to customers. This business is fee-based and requires very limited capital as no insurance liabilities arise. Fees are generated from several sources related to the services provided to insurance companies (acting as a mandated broker), intermediary companies (acting as a service provider) or end customers (acting as an adviser).

Other Drivers of Profitability

For all the products and services delivered as described above, the Group prices its products and services at a level intended to achieve a profit margin which is included in the amount charged to the Group's clients.

Expenses are a key driver of profitability in each business segment, and management evaluates the level of expenses as a key performance indicator of the efficiency of the activities in each segment. Financial services companies typically have relatively large fixed operating costs, related to large-scale investments in automated product and transaction systems, that bear little to no direct relationship with the business

volume. This means that an increase in the business volume may not be fully translated into expense growth, and vice versa. Expense savings are mainly realised through the improvement of the efficiency of administrative processes and systems.

Since 2012, the Group has changed its ICT sourcing strategy and aims to implement end-to-end ICT systems that have variable costs as a significant portion of their overall costs. The Group outsourced the mainframe data centre of certain of its old legacy systems. In the Life segment, the outsourcing of a certain portion of the maintenance related to the service books and business process outsourcing (BPO) to Infosys (administrative operations) have made costs more variable. For more information, see "Business—Information and Communication Technology (ICT)".

The intermediary channel is the main distribution channel of the Group, and commissions are a large part of expenses paid as a percentage of GWP.

Salary costs contribute significantly to the Group's expenses, meaning that the Group is dependent on conditions and trends in local labour markets. During the period 2013 to 2015, the Group reduced fixed head count by 483 FTEs (excluding acquisitions). Additionally, temporary annual contracts are applied to approximately 15–20% of the Group's FTEs.

Office expenses have decreased significantly over time as the Group moved the majority of its activities to one location in Utrecht and reduced the workspace ratio which is measured by the number of desks available/FTE to approximately 70%.

Factors Affecting Financial Condition and Results of Operations

The Group's business and performance, including its financial results, are affected by Dutch, European and global economic and market conditions and future economic prospects, particularly in the Netherlands. The Group's results are also affected by the developments in the Dutch insurance market and regulatory developments in Europe and the Netherlands, which have impacted the Group's financial results in the past and are expected to continue to affect the Group's results in the future.

Economic Developments

As the Group conducts almost all its operations in the Netherlands, the Group is primarily affected by economic developments in the Netherlands. Given the open and export-oriented nature of its economy, the Netherlands is particularly affected by developments in the global economy, especially the Eurozone. A divergence in the pace of economic growth across different regions has been a characteristic of global growth in the past several years.

Global economic conditions remain volatile, and it is uncertain how the global economy will evolve over time. The divergence in the economic conditions in the United States, the EU and Asia including the effects of quantitative easing, tightening monetary policy in the United States, the prolonged economic stagnation in Europe, slowing economic growth in China and the political turmoil in various regions around the world could negatively impact the Group's market. Weak macroeconomic conditions, including recessions, and the implementation of austerity measures in many economies, along with financial market turmoil and volatility have affected, and may continue to affect, the behaviour of the Group's customers, and by extension, the demand for, and supply of, the Group's products and services. Weak macroeconomic conditions could result in policyholders choosing lower coverage of their risks, which would adversely impact the level of premiums received by the Group and its overall profitability. In the past years, the economic downturn has led to lower sales of the Group's Non-life as well as its Life insurance products in combination with higher lapse rates having a negative impact on client balances. After having contracted for the previous two years, gross domestic product ("**GDP**") in the Eurozone increased in 2014. Going forward, the Group could benefit from economic recovery which might result in an increase in GWP, especially within the Group's Non-life and Distribution segments. However, there are increasing downside risks to the growth outlook as the European economy may weaken due to slower growth in emerging markets, geopolitical uncertainty, the uncertain effects of continued quantitative easing and the ECB's negative interest rate policies.

Weak macroeconomic conditions also often correlate with and drive increases in claims frequency in both the P&C and disability businesses. This, in turn, may increase the claims ratio, defined as the cost of claims expressed as a percentage of net earned premiums; the cost of claims excludes (i) the compensation of realised capital gains through the technical reserves, (ii) interest accrual on reserves and (iii) prudence margin for Health. The correlation was, for example, shown in the Dutch P&C insurance market where the

average combined ratio calculated in accordance with DNB methodology has increased since 2010 and reached a level of 101% in 2014 (*source: DNB*). Although profitability varies per product group within P&C, the P&C operations of many insurers in the Netherlands are currently unprofitable (*source: Financieel jaarverslag verzekeringsbranche 2014*). Due to strict portfolio management, as well as the underwriting skills and expertise of the Group, the Group managed to keep its P&C combined ratio below 100% in each of the last three years.

Regulatory Developments

The Group is subject to comprehensive insurance, investment management, banking, pension and other financial services laws and regulations, and to supervision by several regulatory authorities that exercise broad administrative power. The laws and regulations to which the Group is subject concern, among other things, licensing and ongoing licensing requirements, capital adequacy requirements, liquidity requirements, permitted investments, the distribution of dividends, product and sales suitability, product distribution, payment processing, anti-money laundering, anti-terrorism measures, prohibited transactions with countries and individuals that are subject to sanctions, anti-corruption, privacy and confidentiality, recordkeeping and financial reporting. For more information, see "Risk Factors—Regulatory/Legal and Compliance Risks" and "Supervision and Regulation".

The following legislative changes in particular are currently impacting and are expected to continue to impact the Group:

Solvency II

The EU has adopted a full-scale revision of the solvency framework and prudential regime applicable to insurance, reinsurance companies and insurance groups known as "Solvency II", which is aimed at creating a new solvency framework in which the financial requirements that apply to an insurance, reinsurance company and insurance group, better reflect such company's specific risk profile. Solvency II replaced the Solvency I regime as of 1 January 2016. Solvency II introduced economic risk-based solvency requirements across all Member States for the first time. In addition to these quantitative requirements, Solvency II also sets requirements for governance, risk management and effective supervision, and disclosure and transparency requirements. For more information, see "—Capital Requirements—Solvency II" below and "Supervision and Regulation".

Solvency II has affected and will continue to affect many aspects of the Group's business, from the products it sells and the risks it decides to accept, to how it chooses to manage its risks and the amount of capital it is required to maintain.

The preparation by the Group and its subsidiaries in past years for being Solvency II compliant from the start of 2016 has resulted in additional expenses, which have been accounted for as operational expenses. The Group expects that these expenses will decline in coming years, although certain requirements and reviews of the Solvency framework will require the Group to implement new processes which will create additional recurring operating costs in the future.

Pension Regulation

The Netherlands, like many other mature markets, is facing the economic consequences of an ageing population. To handle this issue, the Dutch government has taken a number of actions including extending the retirement age for occupational pensions, reducing fiscal support for the accumulation of pension benefits and changing the tax rules surrounding pensions. The decrease in the tax deductibility of premiums has had a negative impact on premium inflows for pension providers, although the impact of a lower maximum pensionable salary was limited due to the small number of employees earning €100,000 or more in the Netherlands. On 1 January 2016 a new type of pension fund—General Pension Fund (*Algemeen Pensioenfonds*, "**APF**")—was introduced in the Netherlands. The APF is a pension pooling vehicle that enables separate financial administration of multiple pension plans. The Group has launched the APF "*Het Nederlands Pensioenfonds*", the license for which is currently awaiting DNB approval in 2016 and, when such approval is achieved, it intends to offer this product in the Dutch pension market. For more information, see "Supervision and Regulation—Dutch Regulatory Framework—Insurance and Insurance-Related Regulation—Pensions".

Disability Regulation

The ongoing political discussion in relation to legislation for group disability to extend employers' liability for temporary employees (BeZaVa), which was partly effective as of 1 January 2013, is expected to result in additional growth in the private insurance market and additional growth potential for the Group in its Disability insurance business. BeZaVa is currently managed by the public sector. If the proposed change in the BeZaVa legislation occurs, the Group expects that a large part of the risks currently insured by the public sector will be insured by the private sector. It is expected that this legislation will become fully effective as of 1 January 2017. For more information, see "Risk Factors—Regulatory/Legal and Compliance Risks—39. The impact on the Group of recent and ongoing financial regulatory reform initiatives, including in respect of social security benefits, is uncertain".

Consumer Protection

New legislation in recent years increasing the protection awarded to consumers has had and will continue to have an impact on the business of the Group. In addition, new legislation is expected in the next few years further increasing the requirements regarding consumer protection that the Group has to comply with.

A number of laws have recently been passed which limit or prohibit commission payments. These laws apply to commission payments to financial service providers (e.g. insurance intermediaries with regard to life insurance products and individual disability, as opposed to P&C products), third-party commission payments for investment firms (affecting investment services (individual) asset management, investment advice and execution-only services of the Group) and commissions for insurance companies in respect of new unit-linked insurance (*beleggingsverzekeringen*). All intermediaries (and other distributors) that sell complex financial products have to provide full transparency as to the fees charged to clients for providing financial advice. Furthermore, it is required that fees be paid directly by the client to the intermediary on an advisory fee basis rather than by the insurer to the intermediary on a commission basis. Although the commission ban has impacted the revenues of the Group, its effect was limited because the ban did not affect products sold before 2013 and it mainly affected new business. In respect of these P&C and certain disability products, commission payments are still allowed. In 2017 the ban on commissions will be evaluated by order of the Dutch Ministry of Finance.

The Group must also comply with two recently introduced laws concerning transparency. As of early 2018 the Insurance Distribution Directive ("**IDD**") must be implemented into national law. Most importantly, under this law the consumer should be informed of whether the seller of an insurance product has an economic incentive to sell that particular product. In addition, the IDD covers a number of topics, such as better and more comprehensible information for consumers. On 15 April 2014, the Regulation (no 1286/2014) on Key Information Documents for packaged retail and insurance-based investment products ("**PRIIPs**") was adopted. This regulation introduced the Key Information Document ("**KID**"), a standardised and simple document giving key facts on the investment product which must be provided to prospective retail clients. On 29 December 2014, the PRIIPs Regulation has entered in force and will be directly applicable in Member States from 29 December 2016.

As of 3 January 2017, the entities within the Group providing investment services will need to comply with the MiFID II Directive (2014/65/EU) and the MiFIR Regulation (No 600/2014), which set stricter requirements for the offering of complex financial products such as structured products. In order to prevent potential conflicts of interest, independent advisers and portfolio managers will be prohibited from making or receiving third-party payments or other monetary gains.

The legal changes above have caused or are expected to cause the Group to change its business model with respect to such products, have impacted, and are expected to impact, sales levels of certain affected products in future years. For more information, see "Supervision and Regulation".

Demographic Trends

The Group's results are affected by demographic trends in the Netherlands. In the Group's life insurance business the Group makes assumptions about key non-economic factors, such as mortality and longevity rates. The fact that average life expectancy is increasing affects the Group's pricing models as longer life expectancy may increase expected future benefit payments. In valuing its insurance liabilities and in establishing its pricing and reserving standards, the Group uses assumptions to model future benefit payments, based on the mortality table of the Dutch Actuarial Society (*Actuarieel Genootschap*; "**AG**") and

the Group's mortality experience. The mortality table is updated every two years and was last updated in 2014 with the next update expected by the end of 2016. If an updated mortality table reflects lengthened life expectancies, such mortality improvements may increase expected future benefit payments and thereby decrease the profitability of certain of the Group's life insurance products. Additionally, a change in assumptions would affect the present value of the liabilities used to determine available regulatory capital, and could result in a material decrease in available regulatory capital. In the insurance portfolio of the Group, both mortality risks and longevity risks are present. As a result there is a partly offsetting effect when life expectancies increase.

Low Interest Rate Environment

Since the onset of the financial crisis in 2008, interest rates in the Eurozone have decreased to unprecedented levels. Long-term government bond yields in the Netherlands have been volatile and declined from over 4% in 2008 to approximately 0.8% at the end of 2015, and further declined to 0.5% as at 30 April 2016, primarily as a result of financial instability within the Eurozone in combination with extremely loose monetary policy by the European Central Bank ("**ECB**").

Long-term interest rates are critical to the Group's life insurance activities, due to the long-term nature of the obligations to policyholders. In general, a prolonged low interest rate environment negatively affects the Group's financial performance. On the income side, low interest rates have an adverse impact on the investment margin, as proceeds from maturing investments and premiums are reinvested at yields lower than the current returns on the investment portfolio. Although the Group invests in longer duration assets to align with its insurance liabilities, the prolonged low interest rate environment has gradually impacted the investment margin over time and may continue to do so in the future. The running yield of the investment portfolio of the Group decreased gradually in the past years, mainly due to the low reinvestment yields. The effect of the decreased running yield on the investment margin was partly offset by the policy of the Group to invest more in less liquid assets as well as the reduced level of interest credited to policyholders by lower profit sharing, however, such offsetting reductions are limited due to the fixed or minimum guaranteed rates on many of the Group's life insurance products. Furthermore, it is the policy of the Group to maintain its interest rate risk below a maximum amount, mitigating risk that the changes in interest rates will have a material negative impact on its capital position (for more information on the Group's interest rate risk policy, see "Business—Investments").

Lower interest rates also affect consumer product choice, especially within the Life segment. As a result of the low interest rate environment and the capital requirements under Solvency II, defined benefit pension schemes are under pressure and defined contribution pensions are becoming an increasingly attractive alternative. Companies are reconsidering their pension schemes and are looking for more affordable defined contribution alternatives which produce less volatile results for the employer. The Group positioned itself to address the market shift to such capital light pension contracts, and is now able to offer, in addition to its defined benefit pension scheme products, APF, DC and IORP pension products. The pension market is expected to grow in these types of capital light pension products. Furthermore, lapse rates within the Life segment could go up if interest rates begin to increase, resulting in an additional shift within its existing product mix. Currently a shift from insured DB schemes to less capital intensive products is ongoing. If interest rates increase, insured DB schemes will become less expensive for employers and the rate of the shift to DC and APF products could decrease. In that case, the value and certainty that DB programs offer employees will become a stronger factor in decision making; nevertheless, the Group expects that APF and DC products will remain the major growth market. APF is also offering a DB scheme, benefitting from scale and removing the financial risk from the employers within the pension product line of the Life segment, while DC is part of the market shift in response to the demand for transparency, ownership of pension investments and flexibility.

For non-life insurance, lower investment returns reduce the financial margin available to offset adverse underwriting results and expense developments. This is especially applicable for insurance products that are supported by investment returns, such as longer tailed non-life insurance products including income protection products. In addition, low investment yields may not provide sufficient returns to compensate for the effects of claims inflation.

Hedging

For the Group, as an insurer, managing its interest rate risk and interest rate exposures is an essential part of its business. The Group uses over-the-counter ("**OTC**") derivatives (e.g. interest rate swaps and

swaptions) to manage the interest-rate risks embedded in its insurance liabilities. The Group does not actively trade interest rate derivatives to create profits, but uses them to manage its interest rate risk. To limit the impact of interest rate changes on the financial condition of the Group, the Group has set a strict interest rate risk policy aimed at minimising the negative impact of interest rate movements on its Solvency II ratio, calculated to include the UFR (please refer to "Business—Investments" for further explanation). Because of the sharp fall in interest rates in the recent periods, the interest rate derivatives portfolio of the Group showed a major increase in value in recent years. The market value of the derivatives portfolio rose from €0.5 billion as at 31 December 2013 to €3.0 billion as at 31 December 2014, and decreased to €1.8 billion as at 31 December 2015 before rising again to €3 billion as at 31 March 2016 as a result of the decrease in interest rates. In addition to the impact of interest rate development, the value change in 2015 was also a result of further optimisation of the Group's interest rate hedge. During the course of 2015, the Group decided to hedge interest rate risk with a view to reducing the adverse impact on the Solvency II ratio (including UFR) when interest rates rise, which it implemented through a combination of selectively unwinding part of its derivatives portfolio and the addition of new payer swaps. As a result the adverse impact of interest rate movements on its Solvency II ratio has been reduced. See "—Principal Accounting Policies, Estimates and Judgements" for accounting policies the Group applies in respect of its hedging activities.

Fluctuations in Equity Markets

The financial performance of the Group's insurance and asset management operations is subject to fluctuations in the equity markets. The Group's investments in equity securities and mutual funds are carried at fair value in the financial statements, using quoted market prices where available. Unrealised gains and losses arising from changes in fair value are recognised in shareholder's equity. When these investments are disposed of, the related accumulated fair value adjustments are included in the profit and loss account. They are subject to impairment testing in every reporting period. Equity securities are impaired when management believes that, based on (the combination of) a significant or prolonged decline of the fair value below the acquisition price, there is sufficient reason to believe that the acquisition cost may not be recovered. See "—Principal Accounting Policies, Estimates and Judgements—Impairments".

The 2008 financial crisis triggered sharp declines in global equity markets and a significant increase in market volatility, with volatility decreasing during 2015. As part of its strict investment framework, the Group manages its total equity exposure within set bandwidths, and makes use of the constant proportion portfolio insurance mechanism and a put option overlay for the illiquid part of its equity portfolio. Gains and losses arising from fair value changes of (embedded) derivatives are recognised as revaluations in the result before tax.

As a result of the crisis and the increased volatility, during 2011 and 2012 the Group realised significant impairments on equity securities. Furthermore, the cost of derivatives that are part of the equity hedge program increased due to market volatility over that period, although the disposal of equity instruments generated significant gains in each of those years which partially offsets the impairments and equity hedge costs. In the past three years the equity exposure contributed positively to the profit and loss account of the Group; capital gains were realised due to the disposal of equity exposure by the Group, amongst other actions taken to realise a more diversified equity portfolio.

Equity investments on behalf of policyholders are investments for which all changes in fair value of the invested assets are offset by similar changes in insurance liabilities. Overall investment returns and fee income from these equity-linked products, such as unit-linked, are influenced by equity markets. The fees charged by the Group for managing investment portfolios on behalf of policyholders are predominantly based on the market value of AuM that the Group manages for its clients and the fee level per asset class it charges for the services provided, as described in "—Key Drivers of Profitability—The Banking and Asset Management Segment".

Fluctuations in Credit Markets

The strong performance within the credit markets over the past three years has led to a strong improvement in performance of the Group's credit portfolio. This is mainly due to the increased 'search for yield' as a dominant theme in financial markets. Credit spreads have tightened, as the world economy recovered from the 2007-2009 financial crisis, while monetary policy by central banks has remained loose from a historical perspective. However, during this time frame there have been periods of temporary credit spread widening, mostly due to increased uncertainty surrounding possible Eurozone fragmentation and a

potential exit of Greece from the Eurozone. Overall spread compression has occurred within the credit markets in the past years, affecting reinvestment yields and the investment margin of the Group as well as the positive revaluation and the related capital gains, losses and impairments within the credit portfolio. In the period under review, the Group realised capital gains at a higher level than impairments within the credit portfolio. This contributed positively to the profit of the Group, and in part reflected the efforts of the Group to further diversify its financial bond portfolio. The Group reduced exposure to Tier I and senior financial bonds, and selectively bought lower Tier II and covered bonds to diversify its portfolio further. Additionally, in past years the Group realised impairment reversals due to redemptions, and capital gains on the sale, of impaired credit instruments. For more information, see "Business—Investments". For the accounting treatment of the valuations of the credit portfolio (including impairments), see "—Principal Accounting Policies, Estimates and Judgements—Impairments".

Fluctuations in Real Estate and Mortgage Markets

A significant proportion of the Group's assets is invested in Dutch residential mortgages and in real estate properties in the Netherlands, and its financial performance is therefore sensitive to fluctuations in the Dutch real estate and mortgage markets. As at 31 December 2015, €6.5 billion, or 15.2%, of the Group investment portfolio was invested in Dutch residential mortgages and €328 million, or 0.8%, of the Group investment portfolio was invested in real estate funds. In addition, the Group's Banking and asset management segment is active in the real estate asset management business.

Residential Mortgages

Before 2008, Dutch housing prices showed a structural increasing trend. During this period, risks associated with mortgages were perceived as low and interest rates on mortgages did not differentiate significantly between LTV buckets. The Group believes its mortgage portfolio's LTV is a key indicator of the Group's ability to recover on its investment should a loan default occur. Following the financial crisis, the wide economic downturn and uncertainty resulted in a downturn in the Dutch housing market, leading to a change in the risk perception of mortgages and an increase in risk margins. The house price correction and the drop in transaction volume were deeper in the Netherlands than in the neighbouring countries. However, economic recovery and the low interest rate environment supported by certainty on fiscal adjustments restored consumer confidence and the housing market began to gain strength.

During the course of 2013, housing transaction volume in the Netherlands started to increase again after seven years of decline. Approximately a year later, house prices also started to rise. The number of houses sold was up by close to 40% in 2014, compared with 2013. House prices increased by nearly 1% over the same period. The recovery continued in 2015. In the third quarter of 2015, house prices increased by 2.9% year-on-year and transactions increased by 29% year-on-year (*source: CBS*).

Over the past years, the Group has increased its mortgage exposure, driven by new residential mortgage production following the strategic shift from financial bonds and, to a lesser extent, government bonds to mortgages, in line with the search for yield for the Group's investment portfolio. As at 31 December 2015, 0.57% (2014: 0.65%; 2013: 0.39%) of the mortgages in the Group's portfolio were more than three months in arrears. In 2015, the total losses of the Group on foreclosed mortgages amounted to €0.3 million, or 0.005% of the total mortgage portfolio as at year-end. In the periods under review, the residential mortgage portfolio, including its investment returns, defaults and capital requirements attributed to that portfolio, contributed positively to the yield of the investment portfolio of the Group and its operating results.

Real Estate

The Group has over 125 years of history of investing in real estate in the Netherlands and is one of the largest private land owners in the country. The Group has a diversified real estate portfolio consisting of rural, retail, residential and office investments in the Netherlands (for more information, see "Business—Investments"). Most of the Group's real estate portfolio measured by value is invested in rural land leased to third parties. Upon expiration of leases, the Group generally strives to dispose of the land at a premium. In the past years, the Group decreased its exposure to real estate in line with its investment policy, mainly via sales. For the larger part these sales were effected via placements within the Group's two real estate funds: the Dutch Prime Retail Fund and the Dutch Core Residential Fund. During the financial crisis and thereafter, the financial performance of the Group was affected by impairments on its real estate exposure,

although this was more than offset by capital gains the Group realised on the sales to decrease its real estate exposure and unrealised capital gains.

Unit-Linked Policies

There has been for some time and continues to be political, regulatory and public attention focused on unit-linked policies in the Netherlands. For information on unit-linked policies and disciplinary action by the AFM which the Group may face in the future, see "Risk Factors—Regulatory/Legal and Compliance Risks—40. Litigation and regulatory investigations and sanctions may have a material adverse effect on the Group's business, revenues, results and financial condition" and "Business—Legal Proceedings—Dutch Unit-Linked Products".

Acquisitions and Buy-Outs

The Group monitors developments in the market and as part of its strategy plans to consider acquisitions, taking into account the impact of such an acquisition on the Group's capital position. In particular, the Group plans to focus on opportunities for buy-outs in the pension market. A number of acquisitions were completed by the Group in the last three years, and the Group intends to continue to explore additional opportunities in the future.

In 2015, the Group concluded a number of acquisitions including the acquisition of De Eendragt Pensioen N.V. ("**De Eendragt**"), a Dutch pension insurer, and Axent NabestaandenZorg N.V. ("**Axent**"), a Dutch insurer focusing on funeral insurance. Taken together, De Eendragt and Axent added €3.4 billion to the Group's AuM. In December 2014, the Group announced the successful buy-out of Stichting Chevron Pensioenfonds, a Dutch pension fund, as of 1 January 2015. The pension assets transferred within the scope of this buy-out were worth €370 million and comprised existing pension entitlements of more than 1,800 members, partly reinsured with Hannover Rück SE. The Group intends to transfer the rights and obligations under the reinsurance contract from Hannover Rück SE to Legal & General Reinsurance Company Ltd. In March 2013, the Group acquired the Facultatieve insurance portfolio which comprised 22,500 funeral policies. In March 2016 the Group acquired the funeral portfolio of NIVO Uitvaartverzekeringen N.V. ("**NIVO**"), which comprises 286,000 funeral policies and reported €23 million of premium income in 2015. The NIVO funeral portfolio was acquired through a portfolio transfer. In May 2016, the Group acquired the shares of BNG Vermogensbeheer B.V. which was renamed as ASR Vermogensbeheer B.V. following the acquisition ("**ASR Vermogensbeheer**") from N.V. Bank Nederlandse Gemeenten ("**BNG**").

To strengthen its strategic position in the distribution channel, the Group acquired 100% of the shares of VKG in January 2015. To further strengthen its distribution capacities, the Group acquired Boval in November 2015 which is one of the largest financial service providers in the Dutch disability market and an advisory firm.

De Eendragt, Axent, VKG and Boval (the 2015 acquired entities) are reflected in the accounting records of the Group as from the date when the Group obtained control of each of them, in accordance with IFRS. As the acquisitions did not occur at the beginning of the year but during the year, only results as from the date that the Group obtained control are reflected in the Group's results. The cumulative contribution to 2015 Group GWP of these entities amounted to €38 million; the cumulative contribution to 2015 Group revenue of these entities amounted to €21 million and the cumulative contribution to 2015 operating expenses of these entities amounted to €24 million. The combined number of FTEs at the end of 2015 for the acquired entities was 344. For 2014, the combined full year reported GWP of these acquired entities amounted to €99 million (2013: €107 million); combined full year revenue amounted to €28 million (2013: €23 million) and combined full year operating expenses amounted to €53 million (2013: €42 million). The combined number of average FTEs in 2014 for these companies was 323 (2013: 294). The holding company of Boval, Dutch-ID, was only formed in 2015. Therefore only the Boval financial information, as the primary subsidiary of Dutch ID, is included in the comparative periods 2013 and 2014.

The acquisition of NIVO was accounted for in the first quarter of 2016, and the results of NIVO were for the first time reflected in the accounting records of the Group as of and for the three months ended 31 March 2016. The contribution of NIVO to the Group GWP in the first quarter of 2016 amounted to €5.9 million (excluding €320 million single premium GWP related to the acquisition). The contribution of NIVO to operating expenses in the first quarter of 2016 amounted to a rounded amount of nil million. For 2015, the GWP of NIVO amounted to €23 million (2014: €24 million) and full year operating expenses amounted to €3 million in 2015 (2014: €3 million).

ASR Vermogensbeheer is not reflected in the accounting records of the Group as at 31 March 2016 because the acquisition was effective after the period-end. For 2015, the revenue related to ASR Vermogensbeheer amounted to €4 million (2014: €4 million) and full year operating expenses amounted to €3 million in 2015 (2014: €3 million).

Discontinued Operations

The following activities were classified as discontinued operations as at 31 March 2016, and are reflected as discontinued operations for all periods shown herein because the same operations that were classified as discontinued as at 31 March 2016 were classified as discontinued as at 31 December 2015.

Real Estate Development

On 27 April 2016, the Group sold a part of its real estate development operations, which were classified as held for sale activities and presented as discontinued operations as at 31 March 2016 and 31 December 2015 (for more information see "—Segments—Real Estate Development"). The Group also classified land banks as held for sale and presented them as discontinued operations as at 31 March 2016 and 31 December 2015. The land banks remain within the Group in the new entity ASR Vastgoed Projecten (for more information see "—Segments—Real Estate Development").

SOS International

In 2015, the Group committed to a sale process for the disposal of SOS International (part of the Distribution and services segment), a wholly owned subsidiary of ASR Deelnemingen N.V. The business of SOS International primarily relates to providing 24/7 worldwide travel assistance. The sale of SOS International was completed on in the first quarter of 2016. The equity value of SOS International at 31 December 2015 was €9 million.

Impact on Comparative Numbers

In line with IFRS accounting requirements, the statements of comprehensive income and cash flows numbers are restated for all periods shown herein for all operations that were classified as discontinued at 31 March 2016 and 31 December 2015. As a consequence of this IFRS requirement, the restated statements of comprehensive income and cash flows numbers for 2014 and 2013 are not entirely comparable to the audited financial statements for these two years. In contrast, the balance sheet information for the comparative periods 2013 and 2014 are neither restated nor remeasured; consistent with IFRS accounting requirements.

Description of Key Line Items

Gross Written Premiums

GWP represents the full amount of premiums (both earned and unearned) for insurance contracts written or assumed during a specific period, without deductions for premiums ceded to reinsurers.

Reinsurance Premiums

The premium paid by the Group as cedent to reinsurers in consideration for the liability assumed by reinsurers.

Investment Income

Investment income comprises interest income, dividends on equities and rental income from investment property. The three sub-sets of investment income are described below.

Interest Income

Interest income for all interest-bearing instruments is recognised using the effective interest method, including the amortisation of relevant transaction costs incurred acquisition premium/discount.

Dividends

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

Rental Income

Rental income from investment property is allocated to the period to which they relate.

Realised Gains and Losses

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

Fair Value Gains and Losses

Fair value gains and losses include realised and unrealised changes in the value of financial assets at fair value through profits and loss, derivatives and investment property held at fair value. With respect to interest rate derivatives, this is based on the fair value excluding accrued interest.

Results on Investments on Behalf of Policyholders

Investments on behalf of policyholders are investments for which all changes in the fair value of invested assets are offset by similar changes in insurance liabilities. Investments on behalf of policyholders are measured at fair value through profit and loss. Any changes in value are recognised in result on investments on behalf of policyholders. This also includes interest income and dividends received on investments on behalf of policyholders.

Other Income

Other income includes proceeds from property developments and income from reversal of past service costs related to amendments to the Group's post-employment benefits plans.

Insurance Claims and Benefits

Insurance claims and benefits relates to compensation for claims and other services provided by insurers under terms of insurance contracts. This item includes changes in liabilities arising from insurance contracts and related benefits. Expenses associated with contracts on behalf of policyholders relate to changes in liabilities arising from insurance contracts on behalf of policyholders, including the benefits charged to the liabilities.

Operating Expenses

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

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

Operating expenses also include investment costs.

Restructuring Costs

This item relates to provisions made for restructuring expenses, mainly redundancy costs.

Acquisition Costs

Acquisition costs represent direct and indirect costs related to selling and issuing (collectively referred to as "acquiring") new or renewed insurance contracts. These costs include, for example, commissions paid and any relevant premium taxes on the policy. As stated in the introduction section of the "Operating and Financial Review", for life products, policy acquisition costs are now recognised directly through profit or loss when incurred, instead of being deferred and amortised over the duration of the relevant insurance contract. Acquisition costs are also referred to as commission expenses.

Impairments

Impairments for non-financial instruments relate to the expense booked in profit and loss when an asset's carrying amount in the financial statements exceeds its net recoverable amount. Impairment losses are recognised in the profit and loss in the period in which they are identified.

Impairments for financial instruments relate to a reduction in the value of a financial asset when there is objective evidence of one or more events that occurred after the initial recognition of the financial asset, whereby the financial asset can no longer generate the benefits expected initially.

Other Expenses

Other expenses include costs associated with the sale of property development projects; as well as operating cost and depreciation of investment property.

Income Tax (Expense) / Recoveries

Income tax is based on profit before tax, after any adjustments for previous periods and changes in deferred tax assets and liabilities using the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period. Income tax is recognised in the period in which the income was achieved. Deferred taxes in respect of revalued assets and liabilities, whose value adjustments were directly credited or charged to equity, are taken to equity and, upon realisation, included in the income statement together with the value adjustments.

Interest Expense

Interest expense mainly comprises the interest paid on swaps and borrowings (including subordinated loans). Furthermore, it includes the interest expense calculated on the own pension contract as well as interest paid on cash collateral received and other credit.

Results of Operations

Consolidated Results of Operations for the Three Months Ended 31 March 2016 and 2015

The interim financial information for the three months ended 31 March 2016 in this section has not been audited, but the Group's independent auditor conducted a review. The interim financial information for the three months ended 31 March 2015 has not been reviewed.

The table below sets forth the consolidated results of the Group for the three months ended 31 March 2016 and 2015.

	For the three months ended 31 March	
	2016	2015
	(in millions of euros) (unaudited)	
Gross written premiums	1,626	1,649
Change in provision unearned premiums	(256)	(247)
Gross insurance premium	**1,370**	**1,402**
Reinsurance premiums	(31)	(36)
Net insurance premium	**1,339**	**1,366**
Investment income	324	336
Realised gains and losses	56	139
Fair value gains and losses	(1)	382
Result on investments on behalf of policyholders	(171)	847
Fee and commission income	19	10
Other income	116	50
Profit/(loss) of associates and JVs	3	—
Total income	**346**	**1,764**
Insurance claims and benefits	(1,127)	(2,616)
Recovered from reinsurers	24	25
Net insurance claims and benefits	**(1,103)**	**(2,591)**
Operating expenses	(135)	(131)
Restructuring provision expenses	(3)	(5)
Acquisition costs	(91)	(95)
Impairments	11	1
Interest expense	(70)	(63)
Other expenses	(36)	(30)
Total expenses	**(324)**	**(323)**
Profit before tax	**258**	**216**
Income tax benefit / (expense)	(58)	(30)
Profit from continuing operations	**200**	**186**
Profit (loss) from discontinued operations	13	—
Profit for the period	**213**	**186**
Non-controlling interests[(1)]	1	(2)
Profit attributable to holders of equity instruments	**214**	**184**

(1) The Non-controlling interest relates to joint ventures within the segment Real estate development and in discontinued operations regarding joint development projects.

Gross Written Premiums

GWP decreased by 1.4%, from €1,649 million in the first quarter of 2015 to €1,626 million in the first quarter of 2016. This decrease was primarily due to the €31 million, or 3.5%, decrease in GWP in the Life segment primarily attributable to the non-recurring premium paid for the buy-out of the single-premium Chevron pension contract in the first quarter of 2015 (in the amount of €370 million) and which was partially offset by the single-premium NIVO funeral contract in March 2016 (to the value of €320 million). During the first quarter of 2016 there were increases in Life segment GWP due strategic acquisitions

including €14 million in GWP for Axent, €6 million in GWP for NIVO and €6 million in GWP for De Eendragt.

In the Non-life segment, GWP showed a slight increase of €11 million, or 1.3%, driven by an increase in premiums in the authorised agents channel within P&C of €23 million. This was primarily offset by €10 million lower GWP within Health. The decreased premiums in Health were caused by lower premium contributions received by the Group from the Dutch government of €16 million, partly offset by €7 million higher premiums due to a succesful 2016 closing season.

Reinsurance premiums decreased by 13.9% from €36 million in the first quarter of 2015 to €31 million in the first quarter of 2016. This decrease was primarily attributable to a decrease of €5 million in the Disability product line within the Non-life segment as a result of the termination of certain reinsurance contracts on the insurance portfolio in the fourth quarter of 2015.

As a percentage of GWP, reinsurance premiums amounted to 2.2% in the first quarter of 2015 and 1.9% in the first quarter of 2016 primarily as a result of the reinsurance cover for the Chevron contract in the Life segment as this contract, including the reinsurance of this contract, occurred in 2015.

Net insurance premiums decreased by 2.0% from €1,366 million in the first quarter of 2015 to €1,339 million in the first quarter of 2016. Net insurance premiums includes gross written premiums, changes in the provision of unearned premiums and reinsurance premiums.

Investment Income

Investment income declined by 3.6% from €336 million in the first quarter 2015 to €324 million in the first quarter of 2016. This was due in part to a decrease in interest income from fixed income investments and derivatives. Income from fixed income investments decreased from €124 million in the first quarter of 2015 to €118 million in the first quarter of 2016, mainly due to the sale of bonds in 2015 and a lower interest rate environment in 2016. The amounts due from loans, which mainly relate to the mortgage portfolio, remained stable, despite the increase in exposure to mortgages as that increase was offset by lower interest rates. Interest income from derivatives decreased from €58 million in the first quarter of 2015 to €50 million in the first quarter of 2016, primarily due to a combination of interest rate developments and the Group's initiatives to optimise its interest rate risk through a combination of selectively unwinding part of its derivatives portfolio and the addition of new payer swaps. Other interest income increased from €38 million in the first quarter of 2015 to €45 million in the first quarter of 2016, mainly due to an increase in loans and receivables from credit institutions. Rental income on investment property decreased from €32 million in the first quarter of 2015 to €27 million in the first quarter of 2016, primarily due to higher vacancy rates caused by the bankruptcy of Dutch retailer V&D.

The following table shows a break-down of the Group's investment income, on a gross basis, for the periods indicated.

	For the three months ended 31 March	
	2016	**2015**
	(in millions of euros) (unaudited)	
Interest income	275	283
Of which from fixed income investments	118	124
Of which from amounts due from loans	62	63
Of which derivatives	50	58
Of which other interest income	45	38
Rental income investment property	27	32
Dividend and other investment income	22	21
Total investment income	**324**	**336**

Realised Gains and Losses

Realised gains and losses only include capital gains and losses realised on instruments accounted for as available for sale or at amortised cost. Realised gains decreased by 59.7% from €139 million in the first

quarter of 2015 to €56 million in the first quarter of 2016. The decrease was primarily driven by lower sales volumes, which was mainly the result of fewer sales of fixed income securities due to less favourable market conditions in 2016. Additionally, while the proceeds from sales of equity interests in the first quarter of 2016 was relatively stable as compared to the first quarter of 2015, declining stock prices decreased the realised capital gains on equity investments.

The following table shows a break-down of the Group's realised gains and losses for the periods indicated.

	For the three months ended 31 March	
	2016	2015
	(in millions of euros) (unaudited)	
Investments available for sale		
Of which fixed-income investments	46	102
Of which equities	10	37
Total realised gains and losses	**56**	**139**

Fair Value Gains and Losses

Fair value gains and losses decreased from a gain of €382 million in the first quarter of 2015 to a loss of €1 million in the first quarter of 2016, mainly due to lower capital gains on fixed income securities and fixed income derivatives (swaps and swaptions). The first quarter of 2015 and 2016 results include the restructuring of the interest rate derivatives portfolio in the amounts of €330 million and €(8) million respectively. For unrealised gains and losses on fixed income derivatives, the Group applies shadow accounting. Therefore, the change in the value of interest rate derivatives was offset by a corresponding increase of the amount of net claims and benefits, resulting in a net nil impact on results (for more information on the use of shadow accounting for insurance liabilities, see "—Principal Accounting Policies, Estimates and Judgements—Liabilities Arising from Insurance Contracts—Shadow Accounting"). Fair value gains on fixed-income securities amounted to a gain of €32 million in the first quarter of 2015 compared to a loss of €13 million in the first quarter of 2016, primarily as a result of foreign exchange movements on derivatives and bonds denominated in US dollars and the depreciation of this currency against the Euro. The increase in the fair value movements of investment property was primarily due to property value increases especially in the residential and rural portfolios in which the Group has significant investments.

The following table shows a break-down of the Group's fair value gains and losses for the periods indicated. The amounts reflected in the below table relate to all realised and unrealised gains and losses on financial instruments measured at fair value, after the application of shadow accounting.

	For the three months ended 31 March	
	2016	2015
	(in millions of euros) (unaudited)	
Fixed income securities	(13)	32
Equity securities	(3)	9
Derivatives[1]	(8)	330
Investment property	26	7
Other	(3)	4
Total fair value gains and losses	**(1)**	**382**

(1) Net of shadow accounting on unrealised results. The presented amount relates to the realised gains or losses on derivatives and the portion of unrealised gains on derivatives to which shadow accounting is not applied. The unrealised result for derivatives before shadow accounting was €1,949 million in the first quarter of 2015 and €1,247 million in the first quarter of 2016, and the shadowed unrealised result for derivatives was €(1,618) million in the first quarter of 2015 and €(1,240) million in the first quarter of 2016.

Result of Investments on Behalf of Policyholders

Result of investments on behalf of policyholders decreased from a gain of €847 million in the first quarter of 2015 to a loss of €171 million in the first quarter of 2016 mainly due to declining equity markets. For more details see "—Operating Result by Segment for the Three Months Ended 31 March 2016 and 2015—Life—Result of Investments on Behalf of Policyholders".

Other Income

Other income increased by 132.0% from €50 million in the first quarter of 2015 to €116 million in the first quarter of 2016. This increase was mainly due to a one-off positive effect relating to a change from unconditional indexation to conditional indexation for a large part of the inactive members of the Group's pension scheme as a result of which a part of the provision related to the pension scheme costs in the amount of €100 million was released in the first quarter of 2016. Additionally in the Real estate development segment, the sale of projects resulted in €13 million of lower sales in the first quarter of 2016 compared to the first quarter of 2015.

Net Insurance Claims and Benefits

Net insurance claims and benefits decreased by 57.4% from €2,591 million in the first quarter of 2015 to €1,103 million in the first quarter of 2016. This decrease was mainly due to €1,456 million fewer additions to the provision for realised gains and losses within the Life segment as a result of lower realised gains on financial assets backing insurance liabilities. Additionally the decrease is caused by a decrease in net insurance claims and benefits on behalf of policyholders due to negative revaluation of the underlying unit-linked investments. Furthermore, the net technical provision increased as a result of the acquisition of the Chevron contract of €370 million in the first quarter of 2015, while in the first quarter of 2016 an addition to the technical provision of €320 million was recorded related to the acquisition of the NIVO portfolio.

Operating Expenses

Operating expenses increased by 3.1% from €131 million in the first quarter of 2015 to €135 million in the first quarter of 2016. This increase was attributable to the newly acquired businesses Boval, Axent and De Eendragt, which in total accounted for €7 million of operating expenses. Additionally, the costs of privatisation, M&A activity and costs charged by the Group's shareholder (NLFI) to the Group increased by a total of €3 million. This increase was offset in part by a €5 million decrease in costs related to the cessation of, amongst others, Solid Mortgages B.V., a project that the Group is no longer pursuing. The increase in other operating expenses was mainly due to the release of several smaller provisions during the first quarter of 2015, which were not repeated in the first quarter of 2016. See the table below for a breakdown of operating expenses in the first quarter of 2016 and the first quarter of 2015.

	For the three months ended 31 March	
	2016	**2015**
	(in millions of euros) (unaudited)	
Salaries and wages	(53)	(54)
Social security contributions	(7)	(7)
Employee benefit charges	(9)	(11)
Employee discounts	—	—
Other short-term employee benefits	(1)	(2)
Total cost of own staff	**(70)**	**(74)**
Cost of external staff	(17)	(18)
Consultancy costs and fees	(16)	(19)
Marketing, advertising and public relations expenses	(3)	(1)
Technology and system costs	(11)	(11)
Amortisation of software	—	—
Depreciation of property, plant and equipment	(3)	(2)
Other operating expenses	(15)	(6)
Total other operating expenses	**(65)**	**(57)**
Total operating expenses	**(135)**	**(131)**

Restructuring Provision Expenses

Restructuring provision expenses decreased by 40% from €5 million in the first quarter of 2015 to €3 million in the first quarter of 2016 primarily due to fewer restructuring activities.

Acquisition Costs

Acquisition costs declined by 4.2% from €95 million in the first quarter of 2015 to €91 million in the first quarter of 2016 primarily due to a decrease in the GWP of the Life segment and the effect of the ban on payment of commissions to insurance intermediaries.

Impairments

Impairments in a net amount of €1 million and €11 million were reversed in the first quarter of 2015 and in the first quarter of 2016, respectively. In respect of the first quarter of 2016, a €16 million reversal of an impairment was recorded which was mainly related to redemptions of previously impaired fixed income securities. Additionally in the first quarter of 2016 an impairment of €4 million was recorded in other impairments related to an increase in the bad debt provision in Disability.

The table below sets forth the components of the Group's impairments for the periods indicated.

	For the three months ended 31 March	
	2016	**2015**
	(in millions of euros) (unaudited)	
Property for own use	—	(1)
Equity securities	(1)	—
Fixed income securities	16	1
VOBA Impairment	—	—
Other	(4)	1
Total impairments	**11**	**1**

Interest Expenses

Interest expense increased by 11.1% from €63 million in the first quarter of 2015 to €70 million in the first quarter of 2016. The increase in interest expenses in the first quarter of 2016, compared to the first quarter of 2015, was mainly due to the issuance of €497 million of subordinated loans with a fixed coupon rate in September 2015 for which the interest expense amounted to €6 million in the first quarter of 2016. The €497 million represents the carrying value and the subordinated loans have a nominal value of €500 million. These subordinated loans are classified as a liability under IFRS and the annual interest on these subordinated loans is expensed through the income statement.

Other Expenses

Other expenses increased by 20.0% from €30 million in the first quarter of 2015 to €36 million in the first quarter of 2016, mainly due to the impairment of an accounts receivable balance.

Income Tax

Income tax expenses increased by 93.3% from €30 million in the first quarter of 2015 to €58 million in the first quarter of 2016 primarily due to the higher profit before tax (first quarter of 2015: €216 million, first quarter of 2016: €258 million), while the statutory tax rate remained unchanged at 25%. Additionally the first quarter of 2015 reflects a tax correction on prior years which lowered the tax expense by €20.9 million. In contrast the correction relating to the first quarter of 2016 amounted to €2.7 million.

Operating Results and Key Performance Indicators for the Three Months Ended 31 March 2016 and 2015

The table below sets forth a breakdown of the Group's operating result and net result from continuing operations by segment, as well as certain key performance indicators for the three months ended 31 March 2016 and 2015. Operating result and certain other key performance indicators set forth below are non-IFRS financial measures, for more information see "Selected Financial Information—Key Performance Indicators and Non-IFRS Financial Measures".

	For the three months ended 31 March	
	2016	2015
	(in millions of euros) (unaudited)	
Operating result*		
Non-life*	32	34
Life*	121	102
Banking and asset management*	—	4
Distribution and services*	8	3
Holding and other*	(30)	(17)
Eliminations(1)	1	2
Operating result*	**132**	**128**
Incidental Items*(2):		
Incidental results of investments*	40	74
Other incidental items*	86	14
Profit before tax from continuing operations	**258**	**216**
Taxation	(58)	(30)
Net result from continuing operations	**200**	**186**
Discontinued operations (net of tax)	13	—
Profit for the period	**213**	**186**
Key performance indicators		
Net result(3)	214	184
Operating result*(4)	132	128
Operating costs*(5)	130	123
Return on equity (ROE)*(6)	23.2%	21.4%
Operating return on equity (Operating ROE)*(7)	12.6%	14.8%
Solvency II ratio (mid-point estimate as at period end based on standard formula)**(8)	~185%	n/a
Interest coverage ratio*(9) (as at period end)	15.0	16.1
Operating interest coverage ratio*(10)	7.8	9.6
Financial leverage ratio*(11) (as at period end)	25.4%	n/a
Double leverage ratio*(12)	105.5%	n/a

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

** Regulatory ratio.

(1) Adjustment relates to intersegmental eliminations.

(2) For more information on the Incidental Items, see "Selected Historical Financial and Operational Information—Key Performance Indicators and Non-IFRS Financial Measures—Operating Results".

(3) Represents net profit for the period attributable to holders of equity instruments reported in accordance with IFRS. Since amounts attributable to non-controlling interests are excluded from net result, the net result differs from the profit for the period.

(4) Represents profit before tax reported in accordance with IFRS, adjusted for changes in accounting policies and Incidental Items. For more information on the calculation of operating results, see "Selected Historical Financial and Operational Information—Key Performance Indicators and Non-IFRS Financial Measures—Operating Results".

(5) Operating expenses reported in accordance with IFRS, adjusted on the same basis as operating results, i.e. for changes in accounting policies and Incidental Items. For more information, see "Selected Historical Financial and Operational Information—Key Performance Indicators and Non-IFRS Financial Measures—Operating Results".

(6) Calculated as restated profit attributable to holders of equity instruments minus interest on hybrid instruments (net of taxes), divided by average equity (excluding hybrid instruments). The quarterly return on equity for the three months ended 31 March 2016 and 2015 was annualised by multiplying by four. The quarterly number used in annualising the return on equity is, however, not necessarily representative of the return on equity for the remaining three quarters of the relevant year.

(7) Calculated as operating result after costs of hybrid capital (net of 25% taxes and penalty interest payments), divided by average equity (excluding (i) hybrid instruments; (ii) unrealised gains and losses reserve and (iii) equity attributable to the Real estate development segment (both continuing and discontinued operations) and SOS International. The quarterly operating return on equity for the three months ended 31 March 2016 and 31 March 2015 were annualised by multiplying by four. The quarterly number used in annualising the operating return on equity is not necessarily representative of the return on equity for the remaining three quarters of the relevant year..

(8) The Solvency II ratio (mid-point estimate) is calculated by the ratio of available capital to required capital measured by using the standard formula under the Solvency II regulatory framework. Due to inherent uncertainties, the presented Solvency II ratio could vary. The Solvency II ratio presented could vary by a bandwidth of −10 percentage points to +10 percentage points relative to the mid-point estimate. The Solvency II ratios shown reflect the deduction of proposed dividends in respect of the relevant year. The manner in which Solvency II numbers are to be calculated underwent a number of changes during the development and finalisation of Solvency II regulatory requirements. Although the Group does not disclose quarterly Solvency II ratios it estimates that the Solvency II ratio as at 31 March 2016 will be within the same bandwidth as the Solvency ratio as at 31 December 2015. For more information, see "Operating and Financial Review—Capital Requirements—Solvency II" and "Dividend Policy".

(9) Profit before tax (excluding interest expenses on debt securities) / Total interest expenses on debt securities.

(10) Operating result before tax (excluding interest expenses on debt securities) / Total interest expenses on debt securities.

(11) Calculated as financial leverage (i.e. outstanding hybrid instruments and senior loans) divided by financial leverage plus equity attributable to shareholders. For more information, see "—Financial Leverage" below.

(12) Calculated as total equity value of the subsidiaries divided by Group equity, plus hybrid instruments. For more information, see "—Double Leverage" below.

Consolidated Results of Operations for the Years Ended 31 December 2015 and 2014

The table below sets forth the consolidated results of the Group for the years ended 31 December 2015 and 2014. In addition to the financial information extracted from the Group's audited financial statements as of and for the year ended 31 December 2015, the table below sets forth financial information as of and for the year ended 31 December 2014 on the basis of the accounting policies and segmentation effective as of 1 January 2015. This information in respect of the 2014 financial year has been extracted from the Historical Financial Information and should be read in conjunction with the Group's audited consolidated financial statements as of and for the year ended 31 December 2014 incorporated by reference in this Prospectus. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

	For the year ended 31 December	
	2015	2014[(1)]
	(in millions of euros)	
Gross written premiums	4,092	3,787
Change in provision unearned premiums	16	(4)
Gross insurance premium	**4,108**	**3,783**
Reinsurance premiums	(343)	(140)
Net insurance premium	**3,765**	**3,643**
Investment income	1,360	1,432
Realised gains and losses[(2)]	716	451
Fair value gains and losses[(2)]	922	565
Result on investments on behalf of policyholders	559	841
Fee and commission income	52	35
Other income	85	203
Profit/(loss) of associates and JVs	1	4
Total income	**3,695**	**3,531**
Insurance claims and benefits	(5,541)	(5,197)
Recovered from reinsurers	291	100
Net insurance claims and benefits	**(5,250)**	**(5,097)**
Operating expenses	(575)	(524)
Restructuring provision expenses	(30)	(28)
Acquisition costs[(3)]	(369)	(387)
Impairments[(2)]	29	(101)
Interest expense	(243)	(315)
Other expenses[(2)]	(242)	(188)
Total expenses	**(1,430)**	**(1,543)**
Profit before tax	**780**	**534**
Income tax benefit / (expense)[(2)(3)]	(150)	(108)
Profit from continuing operations	**630**	**426**
Profit (loss) from discontinued operations[(4)]	(26)	(5)
Profit for the year	**604**	**421**
Non-controlling interests[(4)]	(3)	2
Profit attributable to holders of equity instruments	**601**	**423**

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(2) Changes in accounting policies with respect to investment property made in 2015 resulted in a number of adjustments to the reported figures stated in the Group's audited consolidated financial statements as of and for the years ended 31 December

2014 and 2013. For more information, see "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(3) Changes in accounting policies with respect to acquisition costs made in 2015 resulted in a number of adjustments to the reported figures stated in the Group's audited consolidated financial statements as of and for the years ended 31 December 2014 (and 2013). For more information, see "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(4) The classification of SOS International and a part of the Real estate development segment as discontinued operations resulted in the following adjustments to the reported figures stated in the Group's audited consolidated financial statements as of and for the year ended 31 December 2014: Total income decreased by €25 million and total expenses decreased by €30 million.

Gross Written Premiums

GWP increased by 8.1%, from €3,787 million in 2014 to €4,092 million in 2015. This increase was primarily due to the €285 million, or 18.5%, increase in GWP in the Life segment as a result of the buy-out of the Chevron pension contract (to the value of €370 million) and, to a lesser extent, due to the strategic acquisitions of De Eendragt and Axent. Disregarding the 2015 acquisitions, GWP would have decreased for the Life segment. In the Non-life segment, GWP remained stable with a slight decrease of €9 million, or 0.4%.

Reinsurance premiums increased by 145.0% from €140 million in 2014 to €343 million in 2015. This increase is primarily attributable to the Pension product line within the Life segment where a quota share reinsurance cover was purchased (single premium of €201 million) from a third party relating to the Chevron contract which the Group acquired in 2015.

As a percentage of GWP, reinsurance premiums amounted to 3.7% in 2014 and 8.4% in 2015 primarily as a result of the reinsurance cover for the Chevron contract in the Life segment.

Net insurance premiums increased by 3.3% from €3,643 million in 2014 to €3,765 million in 2015. Net insurance premiums includes gross written premiums, changes in the provision of unearned premiums and reinsurance premiums.

Investment Income

Investment income declined by 5.0% from €1,432 million in 2014 to €1,360 million in 2015. This was mainly due to a decrease in interest income from fixed income investments and derivatives. Income from fixed income investments decreased from €532 million in 2014 to €503 million in 2015, mainly driven by decreasing yields on government bonds and lower nominal amounts following the strategic shift away from fixed income securities. The amounts due from loans, which mainly relate to the mortgage portfolio, remained stable, despite the increase in exposure to mortgages as that increase was offset by lower interest rates. Interest income from derivatives decreased from €253 million in 2014 to €212 million in 2015, primarily due to the Group's initiatives to optimise its interest rate risk through a combination of selectively unwinding part of its derivatives portfolio and the addition of new payer swaps. Rental income on investment property decreased from €133 million in 2014 to €125 million in 2015. Rental income on investment property primarily comprises property lease and rental income from the investment property portfolio. Property lease income decreased over the historical period, primarily as a result of the private placement of parts of the portfolio held by ASR Dutch Prime Retail Fund and ASR Dutch Core Retail Fund with third party investors.

The following table shows a break-down of the Group's investment income, on a gross basis, for the periods indicated.

	For the year ended 31 December	
	2015[(1)]	2014[(1)]
	(in millions of euros)	
Interest income	1,125	1,201
Of which from fixed income investments	503	532
Of which from amounts due from loans	408	409
Of which derivatives	212	253
Of which other interest income	3	7
Rental income investment property	125	133
Dividend and other investment income	111	99
Total investment income	**1,360**	**1,432**

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

Realised Gains and Losses

Realised gains and losses only include capital gains and losses realised on instruments accounted for as available for sale or at amortised cost. Realised gains increased by 58.8% from €451 million in 2014 to €716 million in 2015. The increase was primarily driven by the sale of available for sale fixed-income instruments and equities which resulted, on a net basis, in positive revaluations accumulated in the revaluation reserves.

The following table shows a break-down of the Group's realised gains and losses for the periods indicated.

	For the year ended 31 December	
	2015[(1)]	2014[(1)]
	(in millions of euros)	
Investments available for sale		
Of which fixed-income investments	496	342
Of which equities	219	109
Total realised gains and losses	**716**	**451**

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

Fair Value Gains and Losses

Fair value gains increased by 63.2% from €565 million in 2014 to €922 million in 2015, mainly due to increases in unrealised gains and losses in fixed income derivatives (swaps and swaptions) and increases in the fair value of investment property. The 2014 and 2015 results include the restructuring of the interest rate derivatives portfolio. For unrealised gains and losses on fixed income derivatives, the Group applies shadow accounting. Therefore, the change in the value of interest rate derivatives was offset through shadow accounting (for more information on the use of shadow accounting for insurance liabilities, see "—Principal Accounting Policies, Estimates and Judgements—Liabilities Arising from Insurance Contracts—Shadow Accounting") by a corresponding increase of the amount of net claims and benefits and therefore had no impact on net results. Fair value gains on fixed-income securities amounted to €19 million in 2015 compared to €10 million in 2014, primarily driven by foreign exchange results on bonds denominated in Australian and US dollars and the appreciation of these currencies against the Euro. The increase in the fair value of investment property was primarily due to property value increases especially in the retail, residential and rural portfolios in which the Group has significant investments.

The following table shows a break-down of the Group's fair value gains and losses for the periods indicated. The amounts reflected in the below table relate to all realised and unrealised gains and losses on financial instruments measured at fair value, after the application of shadow accounting.

	For the year ended 31 December	
	2015[(1)]	**2014[(1)]**
	(in millions of euros) (unaudited, unless indicated otherwise)	
Fixed income securities	19	10
Equity securities	12	14
Derivatives[(2)]	744	509
Investment property[(3)]	138	32
Other	8	0
Total fair value gains and losses[(3)]	**922**	**565**

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(2) Net of shadow accounting on unrealised results. The presented amount relates to the realised gains or losses on derivatives and the portion of unrealised gains on derivatives to which shadow accounting is not applied. The unrealised result for derivatives before shadow accounting was €(1,164) million in 2015 and €2,476 million in 2014, and the shadowed unrealised result for derivatives was €1,162 million in 2015 and €(2,487) million in 2014.

(3) Figures for 2015 audited; figures for 2014 extracted or derived from audited financial statements.

Result of Investments on Behalf of Policyholders

Result of investments on behalf of policyholders decreased by 33.5% from €841 million in 2014 to €559 million in 2015 due to decreasing yields on fixed income instruments. For more details see "—Operating Result by Segment for the Years Ended 31 December 2015 and 2014—Life—Result of Investments on Behalf of Policyholders".

Other Income

Other income decreased by 58.1% from €203 million in 2014 to €85 million in 2015, mainly due to the one-off positive effect of changes to the own pension scheme (€78 million) relating to a change from unconditional indexation to conditional indexation for a large part of the inactive members, and a negative effect for the provision for health insurance pensioners (€18 million). Additionally in the Real estate development segment, the sale of projects had a net negative impact of €50 million in 2015.

Net Insurance Claims and Benefits

Net insurance claims and benefits increased by 3.0% from €5,097 million in 2014 to €5,250 million in 2015. This increase was mainly due to the Life segment where net insurance claims increased due to the acquisition of the funeral insurer Axent. The effect of the acquisition of De Eendragt was limited, as a large portion of the longevity risk was reinsured in December 2015. In the Non-Life segment net insurance claims and benefits remained relatively stable but showed a slight increase of €7 million. This increase for Non-Life was primarily driven by higher Disability claims and increased claims in P&C.

Operating Expenses

Operating expenses increased by 9.7% from €524 million in 2014 to €575 million in 2015. This increase was mainly due to the acquisitions of De Eendragt, Axent and VKG (€32 million) and incidentals (€24 million). €56 million of the 2015 increase in operating expenses was due to operating costs of the 2015 acquisitions (€24 million); start-up costs incurred for new business initiatives with a total value of €8 million; regulatory costs with a total value of €13 million; and costs associated with the privatisation as well as costs incurred to

acquire the 2015 acquisitions with a total value of €11 million. See the table below for a breakdown of operating expenses in 2015 and 2014.

	For the year ended 31 December	
	2015	2014[1]
	(in millions of euros)	
Salaries and wages	213	219
Social security contributions	28	30
Employee benefit charges	46	34
Employee discounts	—	1
Other short-term employee benefits	6	6
Total cost of own staff	**293**	**290**
Cost of external staff	79	62
Consultancy costs and fees	99	73
Marketing, advertising and public relations expenses	16	8
Technology and system costs	48	46
Amortisation of software	1	1
Depreciation of property, plant and equipment	10	9
Other operating expenses	29	35
Total other operating expenses	**282**	**234**
Total operating expenses	**575**	**524**

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

Restructuring Provision Expenses

Restructuring provision expenses increased by 7.1% from €28 million in 2014 to €30 million in 2015 primarily due to an increase in the provision reflecting the Group's plans to further reduce the FTE count. Despite the FTE reduction, the overall FTE count increased due to the acquisitions of De Eendragt, Axent, VKG and Boval from 3,513 at year-end 2014 to 3,650 at year-end 2015 (including 344 FTEs from these recently acquired entities).

Acquisition Costs

Acquisition costs declined by 4.7% from €387 million in 2014 to €369 million in 2015 primarily due to a decline in commission fees driven by decreases in Non-life and Life GWP as well as a change in Dutch law regarding commissions on certain products. The acquisition costs as a percentage of GWP have remained relatively stable year-over-year for the Non-life and Life segments. Consistent with prior years, the Life segment has experienced decreases in new production since the introduction of the commission ban (*provisieverbod*) that prohibits Dutch life insurers from charging acquisition-related costs to policyholders. Acquisition costs charged in the past by Dutch life insurers are, as from the introduction of the commission ban, directly paid by the policyholder to intermediaries (i.e. agents or brokers). See "Supervision and Regulation".

Impairments

Impairments of €101 million were charged to the income statement in 2014, whereas income of €29 million was realised in 2015 due to impairment reversals. In 2014, a €93 million VOBA impairment was incurred relating to the unit-linked portfolio as a result of structural market developments in the life portfolios containing unit-linked policies. Additionally, in 2014 and 2015, the Group effected reversals of impairments totalling €33 million and €19 million respectively on fixed income securities, which were mainly related to redemptions of previously impaired collateralised debt obligations ("**CDOs**") and financial bonds (bond with exposure to the financial services industry). The other impairment amount is related to trade receivables. During 2014 a trade receivable was impaired in the amount of €17 million and during 2015 this impairment was reversed. The other impairment amount for 2015 also includes an

impairment of €5 million related to an adjustment to the calculation of the provision for doubtful accounts. The fair value of the CDO portfolio as at year-end was €123 million in 2014 and was €95 million in 2015.

The table below sets forth the components of the Group's impairments for the periods indicated.

	For the year ended 31 December	
	2015[1]	2014[1]
	(in millions of euros) (unaudited, unless indicated otherwise)	
Property for own use	5	3
Equity securities	(5)	(26)
Fixed income securities	19	33
VOBA Impairment	—	(93)
Other	10	(18)
Total impairments[2]	**29**	**(101)**

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(2) Figures for 2015 audited; figures for 2014 extracted or derived from audited financial statements.

Interest Expenses

Interest expense decreased by 22.9% from €315 million in 2014 to €243 million in 2015. This was largely due to a reduction in interest expenses on derivatives resulting from the shift in the derivatives portfolio (selectively unwinding part of the derivatives portfolio and the addition of new payer swaps aimed at minimising the impact of interest rate movements on the Solvency II ratio) combined with lower market interest rates in 2014 and 2015.

Other Expenses

Other expenses increased by 28.7% from €188 million in 2014 to €242 million in 2015. The majority of the increase was due to an impairment charge of €91 million in 2015. The 2015 impairment charge was offset by a €37 million decrease, mainly due to a decrease in the cost of sales as fewer real estate development projects and real estate development projects of a lower value were sold in 2015.

Income Tax

Income tax expense increased by 38.9% from €108 million in 2014 to €150 million in 2015 primarily due to the higher profit before tax (2014: €534 million, 2015: €780 million), while the statutory tax rate remained unchanged at 25%.

Operating Results and Key Performance Indicators for the Years Ended 31 December 2015 and 2014

The table below sets forth a breakdown of the Group's operating result and net result from continuing operations by segment, as well as certain key performance indicators for the years ended 31 December 2015 and 2014. Operating result and certain other key performance indicators set forth below are non-IFRS financial measures, for more information see "Selected Financial Information—Key Performance Indicators and Non-IFRS Financial Measures".

	For the year ended 31 December	
	2015	**2014[(1)]**
	(in millions of euros) (unaudited, unless indicated otherwise)	
Operating result*		
Non-life*	169	155
Life*	434	349
Banking and Asset management*	12	7
Distribution and services*	3	2
Holding and other*	(93)	(102)
Eliminations[(2)]	(4)	6
Operating result*	**521**	**417**
Incidental Items*[(3)]:		
Incidental results of investments*	372	217
Other incidental items*	(113)	(100)
Profit before tax from continuing operations[(4)]	**780**	**534**
Taxation[(4)]	(150)	(108)
Net result from continuing operations[(4)]	**630**	**426**
Discontinued operations (net of tax)[(4)]	(26)	(5)
Profit for the year[(4)]	**604**	**421**
Key performance indicators		
Net result[(4),(5)]	601	423
Operating result*[(6)]	521	417
Operating costs*[(7)]	538	485
Return on equity (ROE)*[(8)]	17.2%	11.0%
Operating return on equity (Operating ROE)*[(9)]	13.9%	11.7%
DNB Solvency I ratio**[(4),(10)] (as at period end)	305%[(4)]	285%[(4)]
Solvency II ratio (mid-point estimate as at period end based on standard formula)**[(11)]	185%	169%
Interest coverage ratio*[(12)] (as at period end)	14.6	11.2
Operating interest coverage ratio*[(13)]	9.8	8.8
Financial leverage ratio*[(14)] (as at period end)	25.1%	23.9%
Double leverage ratio*[(15)]	101.9%	121.0%

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

** Regulatory ratio.

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(2) Adjustment relates to intersegmental eliminations.

(3) For more information on the Incidental Items, see "Selected Historical Financial and Operational Information—Key Performance Indicators and Non-IFRS Financial Measures—Operating Results".

(4) Figures for 2015 audited; figures for 2014 extracted or derived from audited financial statements.

(5) Represents net profit for the period attributable to holders of equity instruments reported in accordance with IFRS. Since amounts attributable to non-controlling interests are excluded from net result, the net result differs from the profit for the period.

(6) Represents profit before tax reported in accordance with IFRS, adjusted for changes in accounting policies and Incidental Items. For more information on the calculation of operating results, see "Selected Historical Financial and Operational Information—Key Performance Indicators and Non-IFRS Financial Measures—Operating Results".

(7) Operating expenses reported in accordance with IFRS, adjusted on the same basis as operating results, i.e. for changes in accounting policies and Incidental Items. For more information, see "Selected Historical Financial and Operational Information—Key Performance Indicators and Non-IFRS Financial Measures—Operating Results".

(8) Calculated as restated profit attributable to holders of equity instruments minus interest on hybrid instruments (net of taxes), divided by average equity (excluding hybrid instruments).

(9) Calculated as operating result after costs of hybrid capital (net of 25% taxes and penalty interest payments), divided by average equity (excluding (i) hybrid instruments; (ii) unrealised gains and losses reserve and (iii) equity attributable to the Real estate development segment (both continuing and discontinued operations), and SOS International.

(10) Available solvency capital as percentage of required solvency capital, both as defined in the Insurance Groups Directive (IGD) of the EU (98/78/EC) (using the DNB swap curve including the Ultimate Forward Rate, as published by the Dutch Central Bank). With effect as of 1 January 2016, Solvency II replaced Solvency I.

(11) The Solvency II ratio (mid-point estimate) is calculated by the ratio of available capital to required capital measured by using the standard formula under the Solvency II regulatory framework. Due to inherent uncertainties, the presented Solvency II ratio could vary. The Solvency II ratio presented could vary by a bandwidth of −10 percentage points to +10 percentage points relative to the mid-point estimate. The Solvency II ratios shown reflect the deduction of proposed dividends in respect of the relevant year. The manner in which Solvency II numbers are to be calculated underwent a number of changes during the development and finalisation of Solvency II regulatory requirements. As the methodology used to calculate the Solvency II ratio changed during 2015, the Solvency II ratio for 2014 should not be directly compared to the Solvency II ratio for 2015. For more information, see "Operating and Financial Review—Capital Requirements—Solvency II". For more information and "Dividend Policy".

(12) Profit before tax (excluding interest expenses on debt securities) / Total interest expenses on debt securities.

(13) Operating result before tax (excluding interest expenses on debt securities) / Total interest expenses on debt securities.

(14) Calculated as financial leverage (i.e. outstanding hybrid instruments and senior loans) divided by financial leverage plus equity attributable to shareholders. For more information, see "—Financial Leverage" below.

(15) Calculated as total equity value of the subsidiaries divided by Group equity, plus hybrid instruments. For more information, see "—Double Leverage" below.

Consolidated Results of Operations for the Years Ended 31 December 2014 and 2013

The table below sets forth the consolidated results of the Group for the years ended 31 December 2014 and 2013. The table below sets forth financial information as of and for the years ended 31 December 2014 and 2013 on the basis of the accounting policies and segmentation effective as of 1 January 2015. This information in respect of the 2014 and 2013 financial years has been extracted from the Historical Financial Information and should be read in conjunction with the Group's audited consolidated financial statements as of and for the years ended 31 December 2014 and 2013 incorporated by reference in this Prospectus. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

	For the year ended 31 December	
	2014[(1)]	**2013[(1)]**
	(in millions of euros)	
Gross written premiums	3,787	3,923
Change in provision unearned premiums	(4)	1
Gross insurance premium	**3,783**	**3,924**
Reinsurance premiums	(140)	(164)
Net insurance premium	**3,643**	**3,760**
Investment income	1,432	1,500
Realised gains and losses[(2)]	451	373
Fair value gains and losses[(2)]	565	304
Result on investments on behalf of policyholders	841	767
Fee and commission income	35	45
Other income	203	181
Profit/(loss) of associates and JVs	4	15
Total income	**3,531**	**3,185**
Insurance claims and benefits	(5,197)	(5,113)
Recovered from reinsurers	100	110
Net insurance claims and benefits	**(5,097)**	**(5,003)**
Operating expenses	(524)	(529)
Restructuring provision expenses	(28)	(24)
Acquisition costs[(3)]	(387)	(427)
Impairments[(2)]	(101)	(39)
Interest expense	(315)	(357)
Other expenses[(2)]	(188)	(249)
Total expenses	**(1,543)**	**(1,625)**
Profit before tax	**534**	**317**
Income tax benefit / (expense)[(2)(3)]	(108)	(74)
Profit from continuing operations	**426**	**243**
Profit (loss) from discontinued operations[(4)]	(5)	(1)
Profit for the year	**421**	**242**
Non-controlling interests[(4)]	2	5
Profit attributable to holders of equity instruments	**423**	**247**

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(2) Changes in accounting policies with respect to investment property made in 2015 resulted in a number of adjustments to the reported figures stated in the Group's audited consolidated financial statements as of and for the years ended 31 December 2014 and 2013. For more information, see "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(3) Changes in accounting policies with respect to acquisition costs made in 2015 resulted in a number of adjustments to the reported figures stated in the Group's audited consolidated financial statements as of and for the years ended 31 December 2014 and 2013. For more information, see "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(4) The classification of SOS International and a part of the Real estate development segment as discontinued operations resulted in the following adjustments to the reported figures stated in the Group's audited consolidated financial statements as of and for the years ended 31 December 2014 and 2013: Total income decreased by €25 million and €23 million respectively; total expenses decreased by €30 million and €24 million respectively.

Gross Written Premiums

GWP decreased by 3.5%, from €3,923 million in 2013 to €3,787 million in 2014. This decrease was primarily attributable to the €123 million, or 7.4%, decline in GWP in the Life segment in line with a general decline in the Life insurance market, as well as the expiry of portfolios in the Life segment. In the Non-life segment, GWP experienced a decrease of €33 million, or 1.4%, which mainly stemmed from active portfolio management and tighter acceptance procedures in Motor, Fire and other P&C products aimed at improving returns. These developments were partially offset by a moderate growth in the Group's Disability and Health insurance portfolios driven by economic conditions and higher governmental premiums received on health insurance products. The decrease in the Non-life segment was offset in part by a €21 million single premium contract in 2014.

The reinsurance premiums decreased by 14.6% from €164 million in 2013 to €140 million in 2014. This was primarily the result of a change in market pricing and, to a lesser extent, changes in coverage. As a percentage of GWP, reinsurance premiums amounted to 4.2% in 2013 and 3.7% in 2014. In 2014, the reinsurance program remained largely the same as in 2013 in terms of cover and limits, with minor changes based on the Group's risk appetite. In 2014, the Group purchased a slightly increased loss reinsurance cover for storm for accident year 2015 (raising the Group's coverage from €325 million to €344 million, in both cases with a deductible of €30 million).

Net insurance premiums decreased by 3.2% from €3,760 million in 2013 to €3,643 million in 2014.

Investment Income

Investment income declined by 4.7% from €1,500 million in 2013 to €1,432 million in 2014. This was mainly due to a decrease in interest income, with investment income attributable to dividends on equities and rentals from investment properties remaining relatively stable. Interest income on fixed income securities decreased by €44 million over the same period mainly driven by decreasing yields on government bonds and lower nominal amounts following the strategic shift from fixed income securities to the mortgage portfolio. As a result, the interest income from the mortgage portfolio increased from €377 million in 2013 to €409 million in 2014. The remaining decrease in interest income of €56 million related to derivatives. Income from interest rate swaps decreased as a result of the movement in interest rates and the composition of the derivatives portfolio in which the derivatives receiving the floating interest rate experienced a net decrease in income compared to derivatives receiving the fixed interest rate.

The following table shows a break-down of the Group's investment income, on a gross basis, for the periods indicated.

	For the year ended 31 December	
	2014[1]	**2013[1]**
	(in millions of euros) (unaudited, unless indicated otherwise)	
Interest income[2]	1,200	1,245
Of which from fixed income investments[2]	532	576
Of which from amounts due from loans	409	377
Of which derivatives[2]	253	309
Of which other interest income	7	(2)
Rental income investment property[2]	133	139
Dividend and other investment income[2]	99	102
Total investment income[2]	**1,432**	**1,500**

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(2) Figures for 2014 and 2013 extracted or derived from audited financial statements.

Realised Gains and Losses

Realised gains increased by 20.9% from €373 million in 2013 to €451 million in 2014. The increase was primarily driven by gains on the sale of available for sale fixed-income instruments, derivatives and equities resulting from declining market rates and increasing equity markets, respectively.

The following table shows a break-down of the Group's realised gains and losses for the periods indicated.

	For the year ended 31 December	
	2014[(1)]	2013[(1)]
	(in millions of euros)	
Investments available for sale		
Of which fixed-income investments	343	292
Of which equities	109	81
Of which other investments	—	—
Total realised gains and losses	**451**	**373**

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

Fair Value Gains and Losses

Fair value gains increased by 85.7% from €304 million in 2013 to €565 million in 2014 mainly due to increases in fixed income derivatives (swaps and swaptions). In 2013 and 2014 results include the restructuring of the interest rate derivative portfolio which shifted to maturities beyond 15 years. For unrealised gains and losses on fixed income derivatives, the Group applies shadow accounting. Therefore, the change in the value of the interest rate derivatives was offset through shadow accounting (for more information on the use of shadow accounting for insurance liabilities, see "—Principal Accounting Policies, Estimates and Judgements—Liabilities Arising from Insurance Contracts—Shadow Accounting") by a corresponding increase in the amount in net claims and benefits and therefore has no impact on net result. Fair value gains on fixed-income securities amounted to €10 million compared to a loss of €20 million in 2013, primarily driven by foreign exchange results on bonds nominated in Australian and US dollars and the appreciation of these currencies against the Euro. The fair value of investment property in 2014 increased primarily due to the market recovery especially in the retail, residential and rural portfolios in which the Group has significant investments. The office portfolio underperformed but it represented only a limited share of the Group's total portfolio. The decrease in investment property in 2013 was mainly a result of the adverse market conditions.

The following table shows a break-down of the Group's fair value gains and losses for the periods indicated. The amounts reflected in the below table relate to all realised and unrealised gains and losses on financial instruments measured at fair value, after the application of shadow accounting. Shadow accounting is applied on unrealised gains and losses on derivatives (mainly swaps and swaptions). For more information on the use of shadow accounting for insurance liabilities, see "—Principal Accounting Policies, Estimates and Judgements—Liabilities Arising from Insurance Contracts—Shadow Accounting".

	For the year ended 31 December	
	2014[(1)]	2013[(1)]
	(in millions of euros) (unaudited, unless indicated otherwise)	
Fixed income securities	10	(20)
Equity securities	14	1
Derivatives[(2)]	509	369
Investment property	32	(44)
Other	0	(1)
Total fair value gains and losses[(3)]	**565**	**304**

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(2) Net of shadow accounting on unrealised results. The presented amount relates to the realised gains or losses on derivatives and the portion of unrealised gains on derivatives to which shadow accounting is not applied. The unrealised results for derivatives before shadow accounting was €2,476 million in 2014 and €(1,314) million in 2013, and the shadowed unrealised result for derivatives was €(2,486) million in 2014 and €1,323 million in 2013.

(3) Figures for 2014 and 2013 extracted or derived from audited financial statements.

Result of Investments on Behalf of Policyholders

Result of investments on behalf of policyholders increased by 9.6% from €767 million in 2013 to €841 million in 2014. This change occurred entirely in the Life segment as investments on behalf of policyholders include unit-linked insurance contracts and Group contracts with non-guaranteed segregated accounts. These results were mainly attributable to decreasing interest rates, recovering stock markets, strong performance related to government and credit fixed income securities, as well as an increase in AuM from €5,956 million for ASR Nederland Beleggingsbeheer N.V. and €2,093 million for assets managed externally in 2013 to €6,204 million and €2,129 million in 2014, respectively. As these investments are on behalf of policyholders, the returns (less the Group's fees) are passed through to the policyholder and are not for the account of the Group. Only the amount of fees charged by the Group for administering investments on behalf of policyholders are affected by an increase in investments on behalf of policyholders.

Other Income

Other income increased by 12.2% from €181 million in 2013 to €203 million in 2014, mainly influenced by the Real estate development segment and residual income from changes to the own pension scheme (driven by the application of IAS 19). The income from real estate activities amounted to €132 million in 2013 and declined to €103 million in 2014. This decline was mainly due to lower activity in the Real estate development segment. In 2014, other income included €78 million which was attributable to the positive effect of changes to the own pension scheme relating to a change from unconditional indexation to conditional indexation for a large part of the inactive members. In 2013, the Group had a similar other income item of €27 million related to past service costs whereby the pension accrual rate was changed to 1.9% (previously, the pension accrual rate was 2.25% if an employee was in service before 31 December 2005; or 2.0% if an employee was in service on or after 1 January 2006) for all active members in the pension plan. These changes were due to a change in the Dutch pension regulation ("*Witteveenkader*"). In both years, service fee income remained relatively stable at €6 million and €8 million, respectively.

Net Insurance Claims and Benefits

Net insurance claims and benefits increased by 1.9% from €5,003 million in 2013 to €5,097 million in 2014 driven by both an increase in insurance claims and benefits and a decrease in the amount recovered from reinsurers. Although net insurance claims and benefits decreased in the Non-life segment as a result of WGA-ER in 2013 (for more information, see "—Non-Life Insurance Claim Reserves—Claim Reserves") and the Group's focus on claim management, this was outweighed by an increase in the Life segment's claims. Increased net insurance claims and benefits in the Life segment were primarily due to increased changes in reserves and movements related to the provisions on behalf of policyholders, with claims paid decreasing.

Operating Expenses

Operating expenses decreased by 0.9% from €529 million in 2013 to €524 million in 2014. This cost reduction was achieved due to a strict focus on efficiency, including a decrease in year-end internal headcount from 3,789 FTEs in 2013 to 3,513 FTEs in 2014. Additionally, the Group experienced a reduction in consultancy-related ICT costs as a result of several actions including centralisation of the ICT personnel from business lines in 2012, the integration of the previously separate I&P (Information management and Project management) department into ICT, the completion of several large ICT projects and the ongoing cost focus after the aforementioned integration. Marketing costs declined by €13 million

over the same period due to a shift in strategy from traditional marketing to a direct and social media driven strategy. See the table below for a breakdown of operating expenses in 2014 and 2013.

	For the year ended 31 December	
	2014[(1)]	2013[(1)]
	(in millions of euros)	
Salaries and wages	219	225
Social security contributions	30	28
Employee benefit charges	34	36
Employee discounts	1	8
Other short-term employee benefits	6	(8)
Total cost of own staff	**290**	**289**
Cost of external staff	62	58
Consultancy costs and fees	73	75
Marketing, advertising and public relations expenses	8	21
Technology and system costs	46	39
Amortisation of software	1	—
Depreciation of property, plant and equipment	9	9
Other operating expenses	35	38
Total other operating expenses	**234**	**240**
Total operating expenses	**524**	**529**

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

Restructuring Provision Expenses

Restructuring provision expenses, mainly redundancy costs, increased by 16.7% from €24 million in 2013 to €28 million in 2014 primarily due to a decrease in FTEs (from 3,789 at year-end 2013 to 3,513 at year-end 2014), in line with management targets.

Acquisition Costs

Acquisition costs declined by 9.4% from €427 million in 2013 to €387 million in 2014 primarily due to a decline in commission fees driven by decreases in Non-life and Life GWP as well as a change in Dutch law regarding commissions on certain products. The acquisition costs as a percentage of GWP have remained relatively stable year-over-year for the Non-life segment. However, the Life segment has experienced decreases in new production since the introduction of the commission ban (*provisieverbod*) that prohibits Dutch life insurers from charging acquisition-related costs to policyholders. Acquisition costs charged in the past by Dutch life insurers are, as from the introduction of the commission ban, directly paid by the policyholder to intermediaries (i.e. agents or brokers).

Impairments

Impairments amounted to €39 million in 2013 and €101 million in 2014. In 2014, this included a €93 million VOBA impairment relating to the unit-linked portfolio in light of the structural market developments in the life portfolios containing unit-linked policies. The 2013 impairments include €21 million of impairments on property for own use at Archimedeslaan (the Group's headquarters) and impairments on loan portfolios and investment property that amounted to €51 million. The equity portfolio had experienced additional impairments due to a flat market and a decrease in value of certain investments. Additionally, in 2013 and 2014 the Group effected significant reversals of impairments totalling €46 million and €33 million respectively on fixed income securities, which were mainly related to redemptions of previously impaired CDOs and financial bonds (bonds with exposure to the financial services industry). The fair value of the CDO portfolio as at period-end 2014 was €123 million (2013: €158 million). Out of prudence, in previous periods the Group did not reverse provisions on various junior CDO tranches that were later paid by the relevant obligors.

The table below sets forth the components of the Group's impairments for the periods indicated.

	For the year ended 31 December	
	2014[(1)]	2013[(1)]
	(in millions of euros) (unaudited, unless indicated otherwise)	
Property for own use	3	(21)
Equity securities	(26)	(14)
Fixed income securities	33	46
VOBA Impairment	(93)	(1)
Other	(18)	(49)
Total impairments[(2)]	**(101)**	**(39)**

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(2) Figures for 2014 and 2013 extracted or derived from audited financial statements.

Interest Expenses

Interest expense decreased by 11.8% from €357 million in 2013 to €315 million in 2014. This was largely due to a reduction in interest expenses on derivatives which is a consequence of the shift in the derivative portfolio (to longer maturities aimed at a further reduction of balance sheet interest rate sensitivity) combined with lower market interest rates in 2014.

Other Expenses

Other expenses decreased by 24.5% from €249 million in 2013 to €188 million in 2014 primarily due to a loss provision for Leidsche Rijn Centrum, the continued business portion of the Real estate development segment, during 2013.

Income Tax

Income tax expense increased by 45.9% from €74 million in 2013 to €108 million in 2014 primarily due to the higher profit before tax (2013: €317 million, 2014: €534 million), while the statutory tax rate remained unchanged at 25%.

Operating Results and Key Performance Indicators for the Years Ended 31 December 2014 and 2013

The table below sets forth a breakdown of the Group's operating result and net result from continuing operations by segment, as well as certain key performance indicators for the years ended 31 December 2014 and 2013. Operating result and certain other key performance indicators set forth below are non-IFRS financial measures, for more information see "Selected Financial Information—Key Performance Indicators and Non-IFRS Financial Measures". Since the Real estate development segment is in run-off, its results are not reflected in the operating result of the Group.

	For the year ended 31 December	
	2014[(1)]	2013[(1)]
	(in millions of euros) (unaudited, unless indicated otherwise)	
Operating result*		
Non-life*	155	(35)
Life*	349	446
Banking and asset management*	7	4
Distribution and services*	2	1
Holding and other*	(102)	(84)
Eliminations[(2)]	6	(0)
Operating result from continuing operations*	**417**	**332**
Incidental Items*[(3)]:		
Incidental results of investments*	217	58
Other incidental items*	(100)	(73)
Profit before tax from continuing operations[(4)]	**534**	**17**
Taxation[(4)]	(108)	(74)
Net result from continuing operations[(4)]	**426**	**243**
Discontinued operations (net of tax)[(4)]	(5)	(1)
Profit for the year[(4)]	**421**	**242**
Key performance indicators		
Net result[(4),(5)]	423	247
Operating result*[(6)]	417	332
Operating costs*[(7)]	485	510
Return on equity (ROE)*[(8)]	11.0%	7.1%
Operating return on equity (Operating ROE)*[(9)]	11.7%	9.0%
DNB Solvency I ratio** (as at period end)[(4),(10)]	285%	268%
Solvency II ratio (mid-point estimate as at period end based on standard formula)**[(11)]	169%	n/a
Interest coverage ratio* (as at period end)[(12)]	11.2	7.2
Operating interest coverage ratio*[(13)]	8.8	7.5
Financial leverage ratio* (as at period end)[(14)]	23.9%	14.0%
Double leverage ratio*[(15)]	121.0%	116.9%

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

** Regulatory ratio.

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(2) Adjustment relates to intersegmental eliminations.

(3) For more information on the Incidental Items, see "Selected Historical Financial and Operational Information—Key Performance Indicators and Non-IFRS Financial Measures—Operating Results".

(4) Figures for 2014 and 2013 extracted or derived from audited financial statements.

(5) Represents net profit for the period attributable to holders of equity instruments reported in accordance with IFRS. Since amounts attributable to non-controlling interests are excluded from net result, the net result differs from the profit for the period.

(6) Represents profit before tax reported in accordance with IFRS, adjusted for changes in accounting policies and Incidental Items. For more information on the calculation of operating results, see "Selected Historical Financial and Operational Information—Key Performance Indicators and Non-IFRS Financial Measures—Operating Results".

(7) Operating expenses reported in accordance with IFRS, adjusted on the same basis as operating results, i.e. for changes in accounting policies and Incidental Items. For more information, see "Selected Historical Financial and Operational Information—Key Performance Indicators and Non-IFRS Financial Measures—Operating Results".

(8) Calculated as restated profit attributable to holders of equity instruments minus interest on hybrid instruments (net of taxes), divided by average equity (excluding hybrid instruments). For more information, see "—Return on Equity" above.

(9) Calculated as operating result after costs of hybrid capital (net of 25% taxes and penalty interest payments), divided by average equity (excluding (i) hybrid instruments; (ii) unrealised gains and losses reserve and (iii) equity attributable to the Real estate development segment (both continuing and discontinued operations) and SOS International.

(10) Available solvency capital as percentage of required solvency capital, both as defined in the Insurance Groups Directive (IGD) of the EU (98/78/EC) (using the DNB swap curve including the Ultimate Forward Rate). With effect as of 1 January 2016, Solvency II replaced Solvency I.

(11) The Solvency II ratio (mid-point estimate) is calculated by the ratio of available capital to required capital measured by using the standard formula under the Solvency II regulatory framework. Due to inherent uncertainties, the presented Solvency II ratio could vary. The Solvency II ratio presented could vary by a bandwidth of −10 percentage points to +10 percentage points relative to the mid-point estimate. The Solvency II ratios shown reflect the deduction of proposed dividends in respect of the relevant year. The manner in which Solvency II numbers are to be calculated underwent a number of changes during the development and finalisation of Solvency II regulatory requirements. In light of the changes in methodology, no Solvency II ratio is included for 2013. For more information, see "Operating and Financial Review—Capital Requirements—Solvency II" and "Dividend Policy".

(12) Profit before tax (excluding interest expenses on debt securities) / Total interest expenses on debt securities.

(13) Operating result before tax (excluding interest expenses on debt securities) / Total interest expenses on debt securities.

(14) Calculated as financial leverage (i.e. outstanding hybrid instruments and senior loans) divided by financial leverage plus equity attributable to shareholders. For more information, see "—Financial Leverage" below.

(15) Calculated as total equity value of the subsidiaries divided by Group equity, plus hybrid instruments. For more information, see "—Double Leverage" below.

Segments

The Group presents financial results under six operating segments, including five core segments and the Real estate development segment, which is in run-off. The Group's insurance activities are split between Non-life and Life segments. The core non-insurance activities are divided into Banking and asset management, Distribution and services, and Holding and other. Segment assets, liabilities, income and results are measured based on the Group accounting policies and include items directly attributable to a segment, as well as those that can be allocated to it on a reasonable basis. Transactions between segments are conducted at arm's-length.

In April 2016, the Group sold a portion of its real estate development operations, which were classified as held for sale activities and presented as discontinued operations (for more information see "—Business Segments—Real Estate Development"). The ongoing (i.e. not classified as discontinued) real estate development operations consist primarily of the Leidsche Rijn Centrum and Centrum Plan Waddinxveen projects, as well as guarantees issued by the Group relating to Leidsche Rijn Centrum, and commitments to perform rework activities for already completed projects. Though classified as continuing operations, these operations are in run-off and the Group does not intend to initiate new projects. SOS International, also classified as discontinued operations, was sold in the first quarter of 2016.

In line with IFRS accounting requirements, the statements of comprehensive income and cash flows numbers are restated for all operations that were classified as discontinued at 31 March 2016. As a consequence, the restated statements of comprehensive income and cash flows numbers for 2014 and 2013 are not entirely comparable to the audited financial statements for these two years. In contrast, the balance sheet information for the comparative periods 2014 and 2013 are neither restated nor remeasured, which is consistent with IFRS accounting requirements.

The same operations that were classified as discontinued at 31 March 2016 were classified as discontinued at December 2015.

Non-Life

The Non-life segment consists of non-life insurance entities and their subsidiaries. These non-life insurance entities offer non-life insurance contracts, including policies insuring risks related to motor vehicles, fire, travel and leisure, liability, legal assistance, occupational disability and medical expenses. The

most significant entities of the Non-life segment are ASR Basis Ziektekostenverzekeringen N.V., ASR Schadeverzekering N.V. and N.V. Amersfoortse Algemene Verzekering Maatschappij.

For non-life insurance, the volume of activities is measured by GWP rather than by the size of outstanding claims reserves. Earned premiums, net of reinsurance, are the portions of written premiums that are considered to be earned in a particular reporting period. The following table sets forth selected information relating to the Non-life segment for the year ended 31 December 2015.

	P&C	Disability	Health	Total
	(in millions of euros) (unaudited, unless indicated otherwise)			
Gross written premiums[1]	1,005	730	616	2,350
Earned premiums, net of reinsurance[1]	948	686	602	2,235
Net liabilities from insurance contracts	953	2,807	342	4,102

(1) Audited.

The tables below show the Non-life segment's key ratios and earned premiums on an aggregate basis and by business line for the periods indicated.

	For the three months ended 31 March		For the year ended 31 December		
	2016	2015	2015	2014[1]	2013[1]
	(in millions of euros, unless indicated otherwise) (unaudited)		(in millions of euros, unless indicated otherwise)		
Non-life Total					
Gross written premiums	841	830	2,350	2,359	2,392
Earned premiums, net of reinsurance	554	549	2,235	2,225	2,242
Claims ratio*[2]	72.4%	72.6%	71.1%	70.0%	78.3%
Commission ratio*[3]	15.1%	14.8%	15.0%	15.5%	16.1%
Expense ratio*[4]	8.5%	9.1%	8.9%	9.3%	10.5%
Combined ratio[5]	**96.0%**	**96.5%**	**95.0%**	**94.8%**	**104.9%[6]**

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(2) The claims ratio is defined as the cost of claims expressed as a percentage of net earned premiums. The cost of claims excludes (i) the compensation of capital gains through the technical reserves, (ii) interest accrual on reserves and (iii) prudence margin for Health.

(3) The commission ratio is defined as net commissions charged for the period, expressed as a percentage of net earned premiums.

(4) The expense ratio is defined as operating expenses less investment costs, expressed as a percentage of net earned premiums.

(5) The sum of Non-life insurance net claims and benefits (net of interest accrual on reserves, compensation of realised capital gains and prudence margin for Health), net fee and commission expense and operating expense (excluding investment costs), expressed as a percentage of net earned premiums.

(6) Excluding WGA-ER claims, Non-life combined ratio was 98.3% in 2013. For more information on WGA-ER, see "—Non-Life Insurance Claim Reserves—Claim Reserves".

The table below provides an overview of the calculation methodology for the claims, commission, expense and combined ratios as shown above. The same methodology has been applied to arrive at the ratios by business line as shown in the tables below.

	As at 31 March		As at 31 December		
	2016	2015	2015	2014[1]	2013[1]
	(in millions of euros, unless indicated otherwise) (unaudited)		(in millions of euros, unless indicated otherwise)		
Net insurance claims and benefits	(417)	(418)	(1,666)	(1,659)	(1,827)
Interest accrual provision (Disability)	15	15	62	62	58
Compensation of capital gains (Disability)	2	7	18	39	16
Prudence margin (Health)	(2)	(3)	(3)	(0)	(2)
Adjusted net insurance claims and benefits*	**(402)**	**(398)**	**(1,589)**	**(1,558)**	**(1,755)**
Claims ratio (A)*	72.4%	72.6%	71.1%	70.0%	78.3%
Fee and commission expense	(84)	(81)	(336)	(344)	(360)
Commission ratio (B)*	15.1%	14.8%	15.0%	15.5%	16.1%
			(204)	(213)	(240)
Operating expenses	(49)	(51)			
Investment costs	2	1	5	4	4
Adjusted operating expenses*	**(47)**	**(50)**	**(199)**	**(209)**	**(236)**
Expense ratio (C)*	8.5%	9.1%	8.9%	9.3%	10.5%
Combined ratio (A + B + C)*	96.0%	96.5%	95.0%	94.8%	104.9%

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

	For the three months ended 31 March		For the year ended 31 December		
	2016	2015	2015	2014[1]	2013[1]
	(in millions of euros, unless indicated otherwise) (unaudited)		(in millions of euros, unless indicated otherwise) (unaudited, unless indicated otherwise)		
P&C					
Gross written premiums	325	303	1,005[2]	991[2]	1,043[2]
Earned premiums, net of reinsurance	242	231	948[2]	944[2]	992[2]
Operating expenses	(26)	(27)	(109)	(117)	(129)
Claims ratio*[3]	59.5%	58.5%	60.6%	56.3%	59.9%
Commission ratio*[4]	26.2%	26.5%	26.6%	26.4%	26.1%
Expense ratio*[5]	10.7%	11.4%	11.3%	12.3%	12.9%
Combined ratio[6]	**96.4%**	**96.4%**	**98.5%[2]**	**95.0%[2]**	**98.9%[2]**

	For the three months ended 31 March		For the year ended 31 December		
	2016	2015	2015	2014[1]	2013[1]
	(in millions of euros, unless indicated otherwise) (unaudited)		(in millions of euros, unless indicated otherwise) (unaudited, unless indicated otherwise)		
Disability					
Gross written premiums	358	359	730[2]	777[2]	770[2]
Earned premiums, net of reinsurance	164	167	686[2]	710[2]	674[2]
Operating expenses	(15)	(16)	(63)	(61)	(79)
Claims ratio*[3],[7]	71.3%	73.7%	69.6%	71.0%	94.2%
Commission ratio*[4]	11.3%	11.1%	11.3%	12.0%	13.3%
Expense ratio*[5]	8.7%	9.1%	8.7%	8.3%	11.3%
Combined ratio*[6]	**91.3%**	**93.9%**	**89.6%[2]**	**91.3%[2]**	**118.7%[2][8]**

	For the three months ended 31 March		For the year ended 31 December		
	2016	2015	2015	2014[1]	2013[1]
	(in millions of euros, unless indicated otherwise) (unaudited)		(in millions of euros, unless indicated otherwise) (unaudited, unless indicated otherwise)		
Health					
Gross written premiums	158	168	616[2]	591[2]	579[2]
Earned premiums, net of reinsurance	148	150	602[2]	571[2]	576[2]
Operating expenses	(7)	(8)	(32)	(34)	(32)
Claims ratio*[3]	95.0%	93.1%	89.4%	91.5%	91.5%
Commission ratio*[4]	1.2%	1.1%	0.9%	1.5%	2.0%
Expense ratio*[5]	4.5%	5.4%	5.2%	5.9%	5.4%
Combined ratio*[6]	**100.7%**	**99.6%**	**95.5%[2]**	**98.9%[2]**	**98.8%[2]**

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(2) Figures for 2015 audited; figures for 2014 and 2013 extracted or derived from audited financial statements.

(3) The claims ratio is defined as the cost of claims expressed as a percentage of net earned premiums. The cost of claims excludes (i) the compensation of realised capital gains through the technical reserves, (ii) interest accrual on reserves and (iii) prudence margin for Health.

(4) The commission ratio is defined as net commissions charged for the period, expressed as a percentage of net earned premiums.

(5) The expense ratio is defined as operating expenses less investment costs, expressed as a percentage of net earned premiums.

(6) The sum of Non-life insurance net claims and benefits (net of interest accrual on reserves, compensation of realised capital gains and prudence margin for Health), net fee and commission expense and operating expense (excluding investment costs), expressed as a percentage of net earned premiums.

(7) The impact of the interest accrual provision and shadow accounting is excluded from the ratio.

(8) Excluding WGA-ER claims, Disability combined ratio was 96.8% in 2013. For more information on WGA-ER, see "—Non-Life Insurance Claim Reserves—Claim Reserves".

Life

The Life segment comprises all life insurance entities and their subsidiaries. These entities offer insurance policies that involve asset-building, asset reduction, asset protection, term life insurance and funeral expenses for consumers and business owners. These operations are being conducted by ASR Leven and, since 2015, also by De Eendragt and Axent, which the Group intends to merge with ASR Leven in the course of 2016–2017.

Banking and Asset Management

The Banking and asset management segment consists of all the banking activities and the activities related to asset management including investment property management. These activities are carried out by ASR Bank N.V., ASR Vastgoed Vermogensbeheer B.V., ASR Nederland Beleggingsbeheer N.V. and ASR Hypotheken B.V. (“**ASRH**”). In May 2016, the Group acquired the shares in ASR Vermogensbeheer. The financial results of ASR Vermogensbeheer was not reflected in the accounting records of the Group at 31 March 2016 as the acquisition was effective after the period-end.

Distribution and Services

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

In 2015, the Group committed to a sale process for the disposal of SOS International which was completed on 25 January 2016. The business of SOS International primarily relates to providing 24/7 worldwide travel assistance. At 31 December 2015 and for the portion of the first quarter of 2016 that was part of the Group, SOS International was classified as discontinued operations. As these activities are classified as discontinued operations, the sale will not have an impact on the Group’s operating results or profit before tax. For more information, see “Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations”.

Holding and Other

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

Real Estate Development

The Real estate development segment (other than the discontinued operations) consists primarily of the Group’s Leidsche Rijn Centrum project (including commitments and guarantees in respect thereof) and the Centrum Plan Waddinxveen project.

The Group’s other real estate development activities, for which the Group has commenced a sale process, are classified as discontinued operations for all periods shown herein and are not included in the results of the Real estate development segment. The Group considers the activities of the Real estate development segment as non-core and currently intends to develop the segment’s projects to their completion or dispose of the remaining activities or individual projects if it can do so on commercially attractive terms while not commencing any new projects. For more information, see “Business—Business Segments—Real Estate Development”.

In April 2016, the Group sold a part of its real estate development operations, which were classified as held for sale activities and presented as discontinued operations as at 31 March 2016 and 31 December 2015 (for more information see “Business—Business Segments—Real Estate Development” and “—Discontinued Operations”). The Group also classified land banks as held for sale and they are presented as discontinued operations as at 31 March 2016 and 31 December 2015. The land banks remain within the Group in the new entity ASR Vastgoed Projecten (for more information see “Business—Business Segments—Real Estate Development”). As these activities are classified as discontinued operations, the sale will not have a material impact on the Group’s results of operations.

The other remaining projects of Real estate development, which have not been sold, include Leidsche Rijn Centrum, remained within the Group in ASR Vastgoed Projecten. These are classified as continued operations but are in run-off.

Presentation of Segment Results

Unless otherwise stated, results of operations by segment for core segments are presented based on operating results (which differ from the results reported in accordance with IFRS as operating results exclude the Incidental Items, for more information on the Incidental Items, see “—Operating Results”), while results of operations of the Real estate development segment are presented on the basis of IFRS. Management believes these non-IFRS operating results provide a better understanding of the underlying

trends in financial performance as compared to results that have been prepared in accordance with IFRS. For more information, see "Selected Financial Information—Non-IFRS Financial Measures".

Operating Result by Segment for the Three Months Ended 31 March 2016 and 2015

Non-Life

The following table summarises the Non-life segment's results on an operating result basis and key performance indicators for the three months ended 31 March 2016 and 2015.

	For the three months ended 31 March	
	2016	**2015**
	(in millions of euros, unless indicated otherwise) (unaudited)	
Gross written premiums	841	830
Change in provision for unearned premiums	(256)	(247)
Gross insurance premium	**585**	**583**
Reinsurance premiums	(31)	(34)
Net insurance premium	**554**	**549**
Investment income	29	31
Realised gains and losses[1]	4	8
Fair value gains and losses[1]	—	—
Result on investments on behalf of policyholders	—	—
Fee and commission income	7	8
Other income	—	—
Share of profit/(loss) of associates and joint ventures	—	—
Total income on an operating result basis	**40**	**47**
Insurance claims and benefits	(440)	(441)
Insurance claims and benefits recovered from reinsurers	23	23
Net insurance claims and benefits	**(417)**	**(418)**
Operating expenses	(49)	(51)
Acquisition costs	(91)	(89)
Impairments	—	—
Interest expense	(1)	—
Other expenses	(4)	(4)
Total expenses on an operating result basis	**(145)**	**(144)**
Operating result[2]	**32**	**34**
Incidental Items[3]:		
Incidental results of investments*	1	19
Other incidental items*	(1)	(3)
Profit before tax	**32**	**50**
Key performance indicators		
Claims ratio*[4]	72.4%	72.6%
Commission ratio*[5]	15.1%	14.8%
Expense ratio*[6]	8.5%	9.1%
Combined ratio*[7]	**96.0%**	**96.5%**

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

(1) The realised gains and losses, and the fair value gains and losses, as presented in the above table as a part of the operating result, do not have an impact on the operating result. This is because these results are allocated to the insurance liabilities (included in the measurement of the insurance liabilities, through shadow accounting adjustments and realised capital gains provisions); and thereby the results are offset within the net insurance claims and benefits line.

(2) Operating results are calculated by adjusting profit before tax reported in accordance with IFRS for Incidental Items. See "—Key Performance indicators and Non-IFRS Financial Measures" for more detail on what the Incidental Items include. Given the fact that adjustments are made, where applicable, to IFRS numbers for Incidental Items, the number for the line item presented on an operating results basis is not necessarily comparable with the number for the same line item under IFRS.

(3) For more information on the Incidental Items, see "Selected Historical Financial and Operational Information—Key Performance Indicators and Non-IFRS Financial Measures—Operating Results".

(4) The claims ratio is defined as the cost of claims expressed as a percentage of net earned premiums. The cost of claims excludes (i) the compensation of realised capital gains through the technical reserves, (ii) interest accrual on reserves and (iii) prudence margin for Health.

(5) The commission ratio is defined as net commissions charged for the period, expressed as a percentage of net earned premiums.

(6) The expense ratio is defined as operating expenses less investment costs, expressed as a percentage of net earned premiums.

(7) The sum of Non-life insurance net claims and benefits (net of interest accrual on reserves, compensation of realised capital gains and prudence margin for Health), net fee and commission expense and operating expense (excluding investment costs), expressed as a percentage of net earned premiums.

Gross Written Premiums

GWP increased by 1.3% from €830 million in the first quarter of 2015 to €841 million in the first quarter of 2016 mainly driven by an increase in premiums in the authorised agents channel within P&C of €23 million. This was partly offset by €10 million lower GWP within Health. The decrease in GWP in Health was caused by lower premium contributions received by the Group from the Dutch government of €16 million, partly offset by €7 million higher premiums due to a succesful 2016 closing season. In the Dutch health insurance industry, customers generally can change their health insurance provider once a year, before 1 February.

Change in provision for unearned premiums increased with 3.6% from €247 million in the first quarter of 2015 to €256 million in the first quarter of 2016 which is more or less in line with the increase in GWP. The increase is mainly driven by a higher GWP in P&C.

Reinsurance premiums decreased 8.8% from €34 million in the first quarter of 2015 to €31 million in the first quarter of 2016. This decrease is mainly caused by the termination of reinsurance on group products within Disability as of 2016 which had an impact of €5 million.

Net insurance premiums increased slightly by 0.9% from €549 million in the first quarter of 2015 to €554 million in the first quarter of 2016 mainy as a result of the increase in GWP from €830 million in the first quarter of 2015 to €841 million in the first quarter of 2016.

The table below shows GWP for P&C, Disability and Health for the three months ended 31 March 2016 and 2015.

	For the three months ended 31 March	
	2016	2015
	(in millions of euros) (unaudited)	
P&C	325	303
Disability	358	359
Health	158	168
Total	**841**	**830**

Investment Income

Investment income slightly declined by 6.5% from €31 million in the first quarter of 2015 to €29 million in the first quarter of 2016 mainly due to decreased yields on reinvestments. The investment income portfolio mix for the Non-Life segment mainly consisted of fixed income securities, dividends and rental income from investment properties for both periods.

Realised Gains and Losses

Realised gains and losses include proceeds from the disposal of financial assets available for sale, associates and joint ventures. Realised gains and losses declined by 50% from €8 million in the first quarter of 2015 to €4 million in the first quarter of 2016 primarily driven by lower gains on the sale of available for sale fixed-income securities and equities in Disability. In accordance with the Group's accounting policy, part of the realised gains and losses, related to available for sale fixed-income securities allocated to Disability insurance liabilities, is added to the insurance liabilities provisions (via net claims and benefits) and amortised over the remaining contractual term of the disposed financial assets. This applies to disability products with fixed payment terms in case the current interest rate is lower than the interest rate that was used in the pricing principles at the inception of the insurance contract. The increase in and subsequent release of the technical provisions is part of the claims and benefits in the income statement. When calculating the combined ratio, the net claims and benefits are corrected for this increase in provision (compensation capital gains through technical provisions). In the operating result definition, all realised gains and losses are adjusted, except for the capital gains and losses that are added to the insurance liabilities provisions (and have an equivalent charge in the net claims and benefits). In the operating result only realised gains and losses are presented which are offset by additions to the insurance liability provision. Other capital gains and losses are presented as incidental investment income.

Net Insurance Claims and Benefits

Net insurance claims and benefits remained relatively stable and amounted to €418 million in the first quarter of 2015 and €417 million in the first quarter of 2016. Higher claim costs in P&C due to some large claims for a total of €8 million and a growing portfolio were offset by favourable weather conditions compared to the first quarter of 2015, which included €4 million spring storm claim costs. Other offsetting factors include lower claim costs in Disability due to releases of provisions for claims relating to previous years for an amount of €7 million in the Intermediary channel and €5 million in the authorised agents channel relating to previous years.

Operating Expenses

Operating expenses declined by 3.9% from €51 million in the first quarter of 2015 to €49 million in the first quarter of 2016 primarily as a result of cost saving initiatives within the product lines. Strict management of ICT related costs and the reduction of overhead costs were the main drivers.

Acquisition Costs

Acquisition costs increased by 2.2% from €89 million in the first quarter of 2015 to €91 million in the first quarter of 2016 primarily due to an increase in P&C of €3 million, in line with the growth in the portfolio of P&C.

Incidental Items

Incidental investment income declined from €19 million in the first quarter of 2015 to €1 million in the first quarter of 2016 driven by adjustments to items of a non-recurring nature. These items included realised losses on the investment portfolio of €2 million in the first quarter of 2016 and €9 million in the first quarter of 2015 and fair value gains of €1 million in the first quarter of 2016 and fair value losses of €10 million in the first quarter of 2015.

Other incidentals mainly related to restructung expenses in the first quarter of 2016 as well as the first quarter of 2015.

New Business (Gross)

New business (gross) rose by 2.9% from €105 million in in the first quarter of 2015 to €108 million in the first quarter of 2016 mainly driven by higher new production in all product groups of Disability due to more competitive pricing and the new product "*Doorgaanverzekering*" which is a combination of Health and Disability insurance.

Combined Ratio

The combined ratio is calculated for the Group as a whole as well as for the individual product lines, as discussed in more detail below. For information on how the combined ratio is calculated see "—Non-life" above.

The Non-life claims ratio improved from 72.6% in the first quarter of 2015 to 72.4% in the first quarter of 2016. Net earned premiums in the first quarter in 2016 consisted of a larger portion of P&C premiums, which had a relatively low claims ratio which was partly offset by the higher claims ratio of Health. Within P&C, the first quarter of 2016 included some large claims, for a total amount of €8 million, resulting in a higher claims ratio. Within Disability, the first quarter of 2016 included claim reserve releases relating to claims from prior years of €12 million, which led to relatively low net claim costs. In Health, claim costs increased compared to the first quarter of 2015, as the first quarter of 2015 included some claim reserve releases relating to claims from prior years, which were mainly for supplementary health insurance products of €1 million. Net earned premiums slightly decreased from the first quarter of 2015 to the first quarter of 2016 due to lower governmental premiums, which contributed to a higher claims ratio for Health.

The following table shows the Non-life segment's claims ratio by product line for the periods indicated.

	For the three months ended 31 March	
	2016	**2015**
	(unaudited)	
P&C*	59.5%	58.5%
Disability*	71.3%	73.7%
Health*	95.0%	93.1%
Total Non-life*	**72.4%**	**72.6%**

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

The Non-life commission ratio increased by 0.3 percentage points from 14.8% in the first quarter of 2015 to 15.1% in the first quarter of 2016. This was mostly due to a shift in the product and distribution mix, with a growing share of authorised agents sales within P&C, which pays more commission to the authorised agents compared to other distribution channels.

The following table shows the Non-life segment's commission ratio by product line for the periods indicated.

	For the three months ended 31 March	
	2016	**2015**
	(unaudited)	
P&C*	26.2%	26.5%
Disability*	11.3%	11.1%
Health*	1.2%	1.1%
Total Non-life*	**15.1%**	**14.8%**

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

The Non-life expense ratio declined by 0.6 percentage points from 9.1% in the first quarter of 2015 to 8.5% in the first quarter of 2016 primarily driven by lower total operating expenses, which was the result of the Group's continuing focus on costs.

Life

The following table summarises the Life segment's results on an operating result basis and key performance indicators for the three months ended 31 March 2016 and 2015.

	For the three months ended 31 March	
	2016	2015
	(in millions of euros) (unaudited)	
Gross written premiums	843	874
of which recurring premiums	467	435
of which single premiums	376	439
Change in provision for unearned premiums	—	—
Gross insurance premium	**843**	**874**
Reinsurance premiums	—	(2)
Net insurance premium	**843**	**872**
Investment income	273	280
Realised gains and losses[(1)]	72	108
Fair value gains and losses[(1)]	(20)	345
Result on investments on behalf of policyholders	(171)	847
Fee and commission income	—	—
Other income	2	2
Share of profit/(loss) of associates and joint ventures	2	—
Total income on an operating result basis	**158**	**1,582**
Insurance claims and benefits	(777)	(2,249)
Insurance claims and benefits recovered from reinsurers	1	2
Net insurance claims and benefits	**(776)**	**(2,247)**
Operating expenses	(48)	(45)
Acquisition costs	(5)	(6)
Impairments	—	—
Interest expense	(41)	(44)
Other expenses	(10)	(10)
Total expenses on an operating result basis	**(104)**	**(105)**
Operating result[(2)]	**121**	**102**
Incidental Items[(3)]:		
Incidental results of investments*	28	40
Other incidental items*	(1)	25
Profit before tax	**148**	**167**
Key performance indicators		
Gross written premiums[(4)]	843	874
Operating expenses[(5)]	(48)	(45)

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

(1) The realised gains and losses, and the fair value gains and losses, as presented in the above table as a part of the operating result, do not have an impact on the operating result. This is because these results are allocated to the insurance liabilities (included in the measurement of the insurance liabilities, through shadow accounting adjustments and realised capital gains provisions); and thereby the results are offset within the net insurance claims and benefits line.

(2) Operating results are calculated by adjusting profit before tax reported in accordance with IFRS for Incidental Items. See "—Key Performance indicators and Non-IFRS Financial Measures" for more detail on what the Incidental Items include. Given the fact that adjustments are made, where applicable, to IFRS numbers for Incidental Items, the number for the line item presented on an operating results basis is not necessarily comparable with the number for the same line item under IFRS.

(3) For more information on the Incidental Items, see "Selected Historical Financial and Operational Information—Key Performance Indicators and Non-IFRS Financial Measures—Operating Results".

(4) The full amount of premiums (both earned and unearned) for insurance contracts written or assumed during the period, without deductions for premiums ceded to reinsurers.

(5) Expenses associated with the segment's operations that are directly attributable to the reporting period, such as marketing costs, information technology expenses, consulting fees, business accommodation expenses, cost of temporary staff, and depreciation charges. Personnel expenses are mainly comprised of salaries, social security contributions and pension costs.

Gross Written Premiums

Total Life GWP decreased by 3.5% from €874 million in the first quarter of 2015 to €843 million in the first quarter of 2016.

Individual life GWP declined by 6.1% from €198 million in the first quarter of 2015 to €186 million in the first quarter of 2016 due to less new business written, which was mainly the result of a continued decrease in demand for Life insurance products and the Group's strategy of "value-over-volume" in which the Group seeks to selectively grow new sales volumes to protect margin. This decrease related to recurring premiums as these decreased from €167 million in the first quarter of 2015 to €151 million in the first quarter of 2016, while single premiums increased from €31 million in the first quarter of 2015 to €35 million in the first quarter of 2016. The 6.1% decrease in GWP was in line with broader market trends. APE decreased from €170 million in the first quarter of 2015 to €154 million in the first quarter of 2016.

Pensions GWP decreased by 55.4% from €644 million in the first quarter of 2015 to €287 million in the first quarter of 2016. While recurring premiums increased from €240 million in the first quarter of 2015 to €270 million in the first quarter of 2016, single premiums decreased from €404 million in the first quarter of 2015 to €17 million in the first quarter of 2016. This decrease in single premiums was mainly the result of the buyout of the Chevron Pension Fund for an amount of €370 million. The impact on GWP of the acquisition of De Eendragt was limited as this is, primarily, an inactive portfolio with limited premium inflow. The retention rate increased from 50% for the first quarter of 2015 to 77% for the first quarter of 2016. APE decreased from €280 million in the first quarter of 2015 to €271 million in the first quarter of 2016.

Funeral GWP increased more than ten times from €32 million in the first quarter of 2015 to €370 million in the first quarter of 2016 mainly due to the acquisitions of the NIVO portfolio in March 2016 and Axent in August 2015. The contribution of NIVO to the GWP in the first quarter of 2016 was €326 million of which €320 million was a single premium related to the acquisition. The contribtion of Axent to GWP was €14 million. Recurring premiums amounted to €28 million in the first quarter of 2015 and €46 million in the first quarter of 2016. Single premiums amounted to €4 million in the first quarter of 2015 and €324 million in the first quarter of 2016. APE increased from €28 million in the first quarter of 2015 to €47 million in the first quarter of 2016 disregarding the single premium related to the acquisition of the NIVO portfolio.

The reinsurance premiums ceded decreased from €2 million in the first quarter of 2015 to €0 in the first quarter of 2016. The reinsurance premiums ceded of €2 million in the first quarter of 2015 related to Pensions where reinsurance was obtained from a third party for the longevity risk of the Chevron contract which the Group acquired in 2015.

Net insurance premiums decreased by 3.3% from €872 million in the first quarter of 2015 to €843 million in the first quarter of 2016. Net insurance premiums include GWP and reinsurance premiums.

Investment Income

Investment income decreased by 2.5% from €280 million in the first quarter of 2015 to €273 million in the first quarter of 2016 mainly due to decreased interest rates and the optimisation of the Group's interest rate risk through a combination of selectively unwinding part of its derivatives portfolio and the addition of new payer swaps. The investment income portfolio mix consisted of interest from bonds, mortgages, savings-linked mortgage income, dividends, interest from derivatives, rental property income and income from other types of loans that remained stable in both periods.

Realised Gains and Losses

Realised gains and losses declined by 33.3% from €108 million in the first quarter of 2015 to €72 million in the first quarter of 2016 primarily due to the fact that less securities were sold and due to the declining

stock market in the first quarter of 2016 compared to the first quarter of 2015. In accordance with the Group's accounting policy, part of the realised gains and losses, mainly related to available for sale fixed-income securities allocated to insurance liabilities, is added to the insurance liabilities provisions (via net claims and benefits) and amortised over the remaining contractual term of the disposed financial assets. Only this part of realised gains and losses is part of the operational result. Other realised gains and losses are considered as incidental.

Fair Value Gains and Losses

Fair value gains and losses include realised and unrealised changes in the value of financial assets at fair value through profit and loss, derivatives and investment property held at fair value. The profit contribution from fair value gains and losses decreased from a gain of €345 million in the first quarter of 2015 to a loss of €20 million in the first quarter of 2016 primarily due to lower revauation on derivatives. The fair value gains and losses in the first quarter of 2015 included a fair value gain of €333 million due to the realisation of fair value results on interest rate derivatives (swaps and swaptions) driven by the restructuring of the interest rate derivative portfolio. The 2015 restructuring occurred as part of the Group's policy to decrease balance sheet risk.

The change in the value of the interest rate derivatives was offset through the use of shadow accounting (for more information on the use of shadow accounting for insurance liabilities, see "—Principal Accounting Policies, Estimates and Judgements—Liabilities Arising from Insurance Contracts—Shadow Accounting") by a corresponding increase in the amount in net claims and benefits and therefore had no impact on net results. Only these gains are part of the operating result, other fair value gains and losses are considered as incidental.

Result on Investments on Behalf of Policyholders

Investments on behalf of policyholders primarily comprise unit-linked insurance contracts and Group contracts with non-guaranteed segregated pools. Result on investments on behalf of policyholders decreased from €847 million in the first quarter of 2015 to a loss of €171 million in the first quarter of 2016 mainly driven by negative returns on equity investments during the first quarter of 2016 as result of decling equity markets compared to strong positive equity investment returns during the first quarter of 2015.

Net Insurance Claims and Benefits

Net insurance claims and benefits decreased by 65.5% from €2,247 million in the first quarter of 2015 to €776 million in the first quarter of 2016. This decrease was primarily due to lower additions to the provision for realised gains and losses and a decrease in net insurance claims and benefits on behalf of policyholders due to negative revaluation of the underlying unit-linked investments. Further, the first quarter of 2016 was impacted by the acquisitions of Axent, Eendragt and NIVO while the first quarter of 2015 reflects the Chevron buy-out.

	For the three months ended 31 March	
	2016	**2015**
	(in millions of euros) (unaudited)	
Claims paid	(577)	(553)
Change in reserves and other movements	(414)	(808)
Net insurance claims and benefits on behalf of policyholders	215	(886)
Total net insurance claims and benefits	**(776)**	**(2,247)**

The increase in claims paid was mainly driven by the acquisition of Axent, De Eendragt and NIVO. The change in reserves and other movements reflects the movement in insurance liabilities, including shadow accounting changes (for more information, see "—Principal Accounting Policies, Estimates and Judgements—Liabilities Arising from Insurance Contracts—Shadow Accounting"). Further, lower additions to the provision for realised gains and losses contributed to the decrease in changes in reserves. The decrease in net insurance claims and benefits on behalf of policyholders was mainly due to revaluation of the underlying unit-linked investments.

Operating Expenses

Operating expenses increased by 6.7% from €45 million in the first quarter of 2015 to €48 million in the first quarter of 2016 while Life GWP decreased by 3.5%. This increase was driven by the acquisitions of Axent and De Eendracht.

Interest Expense

Interest expense declined by 6.8% from €44 million in the first quarter of 2015 to €41 million in the first quarter of 2016 primarily driven by interest expenses on derivatives. Interest expenses on derivatives decreased due to selectively unwinding part of the derivatives portfolio.

Incidental Items

Incidental investment income decreased from €40 million in the first quarter of 2015 to €28 million in the first quarter of 2016 driven by adjustments of items of a non-recurring nature. These items include a realised gain on the investment portfolio of €13 million in the first quarter of 2015 and a realised loss of €4 million in the first quarter of 2016, a reversal of an impairment which were mainly related to redemptions of previously impaired fixed income instrument of €11 million in the first quarter of 2016 and a fair value gain of €27 million in the first quarter of 2015 and €21 million in the first quarter of 2016.

Other incidentals amounted to a gain of €25 million in the first quarter of 2015 and an expense of €1 million in the first quarter of 2016. The other incidentals in the first quarter of 2015 mainly consisted of a gain of €25 million as a result of the closing of several aged suspense account items with respect to former pension plans. The other incidentals in the first quarter of 2016 were mainly related to restructuring expenses that had been incurred for various reorganisations and ongoing costs reduction programmes. These restructuring expenses are not assumed to be part of the continuous operations so they have been adjusted for.

Banking and Asset Management

The following table summarises the Banking and asset management segment's results on an operating result basis and key performance indicators for the three months ended 31 March 2016 and 31 March 2015.

	For the three months ended 31 March	
	2016	**2015**
	(in millions of euros, unless indicated otherwise) (unaudited)	
Investment income	27	30
Fee and commission income	2	2
Other income	—	(1)
Total income on an operating result basis	**29**	**31**
Operating expenses	(13)	(11)
Interest expenses	(5)	(5)
Other expenses	(11)	(11)
Total expenses on an operating result basis	**(29)**	**(27)**
Operating result*(1)	**—**	**4**
Incidental Items(2):		
Incidental results of investments*	3	2
Other incidental items*	—	(1)
Profit before tax	**3**	**5**
Key performance indicators		
Operating result growth*(3)	(100)%	n/a

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

(1) Operating results are calculated by adjusting profit before tax reported in accordance with IFRS for Incidental Items. See "—Key Performance indicators and Non-IFRS Financial Measures" for more detail on what the Incidental Items include. Given the fact that adjustments are made, where applicable, to IFRS numbers for Incidental Items, the number for the line item presented on an operating results basis is not necessarily comparable with the number for the same line item under IFRS.

(2) For more information on the Incidental Items, see "Selected Historical Financial and Operational Information—Key Performance Indicators and Non-IFRS Financial Measures—Operating Results".

(3) Represents the percentage at which operating result grew for the segment presented.

Investment Income

Investment income consists of fee income and net interest income. Investment income decreased by 10.0% and amounted to €30 million in the first quarter of 2015 and €27 million in the first quarter of 2016. The decrease in investment income was driven by performance fees which were non-recurring in nature of €1.5 million and which were incurred in the first quarter of 2015. The interest margin declined from 92 basis points in the first quarter of 2015 to 73 basis points in the first quarter of 2016, resulting in a decline of the net interest margin of €1 million.

Operating Expenses

Operating expenses increased by 18.2% from €11 million in the first quarter of 2015 to €13 million in the first quarter of 2016, mainly driven by higher costs for external consultants of €1.1 million and external staff of €0.4 million.

Interest Expenses

Interest expenses remained stable and amounted to €5 million in both the first quarter of 2015 and the first quarter of 2016.

Other Expenses

Other expenses include provisions for credit losses, profit sharing and various miscellaneous expenses. Other expenses were stable and amounted to €11 million in the first quarters of 2015 and 2016.

Other measures

The CET1 ratio, which measures the Bank's core equity capital compared to its total risk-weighted assets, was 23.6% at 31 March 2016 and 24.3% at 31 March 2015. The Liquidity Coverage Ratio ("**LCR**"), which measures the ratio between assets that can be easily and immediately converted into cash at little or no loss and the net cash outflows for the coming 30 days, was 823% at 31 March 2016 and 680% at 31 March 2015.

Distribution and Services

The following table summarises the Distribution and services segment's results on an operating result basis and key performance indicators for the three months ended 31 March 2016 and 2015.

	For the three months ended 31 March	
	2016	**2015**
	(in millions of euros, unless indicated otherwise) (unaudited)	
Total income	17	7
Operating expenses	(8)	(4)
Other expenses	(1)	—
Total expenses on an operating result basis	**(9)**	**(4)**
Operating result*(1)	**8**	**3**
Incidental Items(2)		
Incidental results of investments*	—	—
Other incidental items*	—	—
Profit before tax(3)	**8**	**3**
Key performance indicators		
Operating result growth*(4)	167%	n/a

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

(1) Operating results are calculated by adjusting profit before tax reported in accordance with IFRS for Incidental Items. See "—Key Performance indicators and Non-IFRS Financial Measures" for more detail on what the Incidental Items include. Given the fact that adjustments are made, where applicable, to IFRS numbers for Incidental Items, the number for the line item presented on an operating results basis is not necessarily comparable with the number for the same line item under IFRS.

(2) For more information on Incidental Items, see "Selected Historical Financial and Operational Information—Key Performance Indicators and Non-IFRS Financial Measures—Operating Results"

(3) Profit before tax only includes results from continuing operations. The IFRS result of discontinued operations is not included in the Profit before tax number as it is presented on the face of the income statement below the Profit before tax number. The IFRS profit before tax for SOS International (classified as discontinued) was €0 million for both the first quarter of 2016 and the the first quarter of 2015. SOS International was sold on 25 January 2016.

(4) Represents the percentage at which operating result grew for the segment presented.

Total Income

Total income mainly consisted of service fee income. Total income rose by 142.9% from €7 million in the first quarter of 2015 to €17 million in the first quarter of 2016 primarily due to the acquisition of Dutch ID B.V., the holding company of Boval, which contributed €10 million of income during the first quarter of 2016.

Operating Expenses

Operating expenses rose by 100.0% from €4 million in the first quarter of 2015 to €8 million in the first quarter of 2016, mainly driven by the acquisition of Dutch ID B.V. the holding company of Boval, which contributed €3 million of operating expenses. The majority of the operating expenses were related to personnel and ICT.

Holding and Other

The following table summarises the Holding and other segment's results on an operating result basis and key performance indicators for the three months ended 31 March 2016 and 2015.

	For the three months ended 31 March	
	2016	**2015**
	(in millions of euros) (unaudited)	
Investment income	3	3
Operating expenses	(17)	(18)
Interest expenses	(7)	—
Other income and expenses	(5)	(1)
Result before tax and pension expenses on an operating result basis	**(26)**	**(16)**
Pension expenses on an operating result basis	(4)	(1)
Operating result*[(1)]	**(30)**	**(17)**
Incidental Items[(2)]:		
Incidental results of investments*	3	14
Other incidental items*	97	(9)
Profit before tax	**70**	**(12)**

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

(1) Operating results are calculated by adjusting profit before tax reported in accordance with IFRS for Incidental Items. See "—Key Performance indicators and Non-IFRS Financial Measures" for more detail on what the Incidental Items include. Given the fact that adjustments are made, where applicable, to IFRS numbers for Incidental Items, the number for the line item presented on an operating results basis is not necessarily comparable with the number for the same line item under IFRS.

(2) For more information on the Incidental Items, see "Selected Historical Financial and Operational Information—Key Performance Indicators and Non-IFRS Financial Measures—Operating Results".

Investment Income

Investment income mainly consisted of investment income from inter-company loans, investments in preferred shares and equities, real estate investment funds and short-term deposits. Investment income remained stable (€3 million in the first quarter of 2015 and €3 million in the first quarter of 2016).

Operating Expenses

Operating expenses remained relatively stable and amounted to €18 million in the first quarter of 2015 and €17 million in the first quarter of 2016.

Interest Expenses

Interest expenses increased from nil in the first quarter of 2015 to €7 million in the first quarter of 2016. Interest expenses primarily relate to the interest expenses on external debt, in particular a €250 million senior loan that was still outstanding during the first quarter of 2015 but was subsequently repaid, and intercompany borrowings as part of intra-group financing. The increase in interest expenses in the first quarter of 2016, compared to the first quarter of 2015, was mainly due to the issuance of €497 million of subordinated loans with a fixed coupon rate in September 2015. These subordinated loans are classified as a liability under IFRS and the annual interest on these subordinated loans is expensed through the income statement.

Other income and expenses

Other income and expenses increased from €1 million in the first quarter of 2015 to €5 million in the first quarter of 2016. These expenses in the first quarter of 2016 mainly consisted of actual returns on investments backing the own pension plan being lower than the return required to fund the own pension plan for an amount of €3 million.

Pension Expenses

Pension expenses consist of IAS 19 interest expenses which are the funding costs on the own pension contract for the Group employees, net of investment income on pension assets. The pension expenses increased from €1 million in the first quarter of 2015 to €4 million in the first quarter of 2016 primarily as a result of increasing interest rates. The interest rate applied for accruing interest, representing the funding cost, was 2.0% for the first quarter of 2015 and 2.5% for the first quarter of 2016.

Incidental Items

Incidental results of investments declined by 78.6% from €14 million in the first quarter of 2015 to €3 million in the first quarter of 2016. Incidental results on investement are mainly comprised of items with a non-recurring nature. These items include realised gains on the investment portfolio of €12 million, fair value gains of €1 million, and a reversal of an impairment of €1 million in the first quarter of 2015. Realised gains on the investment portfolio of €4 million and a fair value loss of €1 million were recorded in the first quarter of 2016.

Other incidentals increased from €(9) million in the first quarter of 2015 to €97 million in the first quarter of 2016 due to a change in indexation assumptions applied in calculating the IAS 19 defined benefit obligation for inactive members. This adjustment resulted in a release of a provision of €100 million in the first quarter of 2016.

Real Estate Development

Since the Group no longer classifies its real estate development business as one of its core activities and the Real estate development segment is in run-off, its results are not included in the operating result of the Group and are not presented on an operating result basis. The table below shows the IFRS results for the continuing part of the Real estate development segment. The following table summarises the Real estate development segment's results of operations on the basis of IFRS for the three months ended 31 March 2016 and 2015.

	For the three months ended 31 March	
	2016	**2015**
	(in millions of euros) (unaudited)	
Sales from buildings held for resale, net	3	16
Cost of sales from buildings held for resale	(10)	(15)
Gross margin	**(7)**	**1**
Investment income	—	1
Other income	—	—
Other expenses	—	—
Operating expenses	(1)	(1)
Interest expense	—	—
Profit before tax[(1)]	**(8)**	**1**

(1) Profit before tax only includes results from continuing operations. The IFRS result of discontinued operations is not included in the profit before tax figure, as it is presented on the face of the income statement below the profit before tax figure. The IFRS result after tax for the portion of Real estate development that is classified as discontinued was nil in the first quarter of 2015 and €12 million in the first quarter of 2016. A release related to a loss provision of landbanks (discontinued operations) amounted to €12 million occurred in the first quarter of 2016. This provision was formed in 2015, after revaluation of the land banks.

Sales from Buildings Held for Resale, Net

The sales from buildings held for resale, net decreased by 81.3% from €16 million in the first quarter of 2015 to €3 million in the first quarter of 2016. This decrease was primarily due to a slowing in the real estate market and de-risking efforts of the Group to reduce total real estate assets.

Cost of Sales from Buildings Held for Resale

The cost of sales from buildings held for resale decreased by 33.3% from €15 million in the first quarter of 2015 to €10 million in the first quarter of 2016. This decrease was in line with the decrease in sales.

Operating Result by Segment for the Years Ended 31 December 2015 and 2014

Non-Life

The following table summarises the Non-life segment's results on an operating result basis and key performance indicators for the years ended 31 December 2015 and 2014.

	For the year ended 31 December	
	2015	**2014[1]**
	(in millions of euros, unless indicated otherwise) (unaudited)	
Gross written premiums	2,350	2,359
Change in provision for unearned premiums	16	(4)
Gross insurance premium	**2,366**	**2,355**
Reinsurance premiums	(131)	(130)
Net insurance premium	**2,235**	**2,225**
Investment income	126	135
Realised gains and losses[2]	24	43
Fair value gains and losses[2]	—	—
Result on investments on behalf of policyholders	—	—
Fee and commission income	26	23
Other income	4	6
Share of profit/(loss) of associates and joint ventures	—	—
Total income on an operating result basis	**180**	**207**
Insurance claims and benefits	(1,745)	(1,751)
Insurance claims and benefits recovered from reinsurers	79	92
Net insurance claims and benefits	**(1,666)**	**(1,659)**
Operating expenses	(207)	(215)
Acquisition costs	(361)	(367)
Impairments	—	(19)
Interest expense	(1)	(1)
Other expenses	(11)	(16)
Total expenses on an operating result basis	**(580)**	**(618)**
Operating result*[3]	**169**	**155**
Incidental Items[4]:		
Incidental results of investments*	64	59
Other incidental items*	(16)	(14)
Profit before tax	**217**	**199**
Key performance indicators		
Claims ratio*[5]	71.1%	70.0%
Commission ratio*[6]	15.0%	15.5%
Expense ratio*[7]	8.9%	9.3%
Combined ratio*[8]	**95.0%**	**94.8%**

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(2) The realised gains and losses, and the fair value gains and losses, as presented in the above table as part of the operating result, do not have an impact on the operating result. This is because these results are allocated to the insurance liabilities (included in the measurement of the insurance liabilities, through shadow accounting adjustments and realised capital gains provisions); and thereby the results are offset within the net insurance claims and benefits line.

(3) Operating results are calculated by adjusting profit before tax reported in accordance with IFRS for Incidental Items. See "—Key Performance indicators and Non-IFRS Financial Measures" for more detail on what the Incidental Items include. Given the fact that adjustments are made, where applicable, to IFRS numbers for Incidental Items, the number for the line item presented on an operating results basis is not necessarily comparable with the number for the same line item under IFRS.

(4) For more information on the Incidental Items, see "Selected Historical Financial and Operational Information—Key Performance Indicators and Non-IFRS Financial Measures—Operating Results".

(5) The claims ratio is defined as the cost of claims expressed as a percentage of net earned premiums. The cost of claims excludes (i) the compensation of realised capital gains through the technical reserves, (ii) interest accrual on reserves and (iii) prudence margin for Health.

(6) The commission ratio is defined as net commissions charged for the period, expressed as a percentage of net earned premiums.

(7) The expense ratio is defined as operating expenses less investment costs, expressed as a percentage of net earned premiums.

(8) The sum of Non-life insurance net claims and benefits (net of interest accrual on reserves, compensation of realised capital gains and prudence margin for Health), net fee and commission expense and operating expense (excluding investment costs), expressed as a percentage of net earned premiums.

Gross Written Premiums

GWP declined by 0.4% from €2,359 million in 2014 to €2,350 million in 2015 driven by a decrease in Disability, which was largely offset by increases in P&C and Health. GWP of Disability was negatively affected by the termination of loss-making contracts which led to a €10 million decrease in Disability GWP in 2015. Additionally, the Group entered into a single premium contract with a third party pension fund in 2014 for an amount of €21 million with no comparable contract in 2015. In contrast, P&C GWP increased due to competition from more commercially attractive products in terms of pricing, cover and conditions. The increase in Health GWP was primarily driven by large governmental premiums from the Dutch healthcare authority regarding previous years. For more information, see "Supervision and Regulation—Dutch Regulatory Framework—Insurance and Insurance-Related Regulation—Health Insurance Companies".

The reinsurance premiums remained stable in 2015 and amounted to €131 million (2014: €130 million). As a percentage of GWP, reinsurance premiums remained stable as well and amounted to 5.6% in 2015 and 5.5% in 2014. In 2015, the reinsurance program remained largely in line with 2014 in terms of cover and limits.

Net insurance premiums increased slightly by 0.4% from €2,225 million in 2014 to €2,235 million in 2015 as a result of the change in provision for unearned premiums which changed from €(4) million in 2014 to €16 million in 2015. This was mainly because uncertainty existed as to whether increased premiums charged to a group of policyholders from 2014 (through an 'en-bloc' clause) could be recognised. As a result, the provision for unearned premiums was increased by €17 million in 2014. The related reinsurance amounted to €5 million resulting in a net insurance premium impact of €12 million. In 2015, the AFM ruled that the premium increases were handled properly and thus the entire provision was released in 2015.

The table below shows GWP for P&C, Disability and Health for the years ended 31 December 2015 and 31 December 2014.

	For the year ended 31 December	
	2015	**2014**
	(in millions of euros) (unaudited)	
P&C	1,005	991
Disability	730	777
Health	616	591
Total	**2,350**	**2,359**

Investment Income

Investment income declined by 6.7% from €135 million in 2014 to €126 million in 2015 mainly due to improved matching of assets to duration of liabilities and decreased yields. The investment income

portfolio mix for the Non-Life segment mainly consisted of fixed income securities, dividends and rental income from investment properties.

Realised Gains and Losses

Realised gains and losses declined by 44.2% from €43 million in 2014 to €24 million in 2015 primarily driven by lower gains on the sale of available for sale fixed-income securities and equities. In accordance with the Group's accounting policy, part of the realised gains and losses, related to available for sale fixed-income securities allocated to insurance liabilities, is added to the insurance liabilities provisions (via net claims and benefits) and amortised over the remaining contractual term of the disposed financial assets. This applies to disability products with fixed payment terms in case the current interest rate is lower than the interest rate that was used in the pricing principles at the inception of the insurance contract. The increase in and subsequent release of the technical provisions is part of the claims and benefits in the income statement. When calculating the combined ratio, the net claims and benefits are corrected for this increase in provision (compensation capital gains through technical provisions). In the operating result definition, all realised gains and losses are adjusted, except for the capital gains and losses that are added to the insurance liabilities provisions (and have an equivalent charge in the net claims and benefits). In the operating result only realised gains and losses are presented which are offset by additions to the insurance liability provision. Other capital gains and losses are presented as incidental investment income.

No fair value gains and losses were recorded in 2015 and 2014 on an operating result definition. This is because fair value gains and losses are adjusted.

Net Insurance Claims and Benefits

Net insurance claims and benefits remained relatively stable and increased by 0.4% from €1,659 million in 2014 to €1,666 million in 2015. In 2015, net claims in Disability decreased by €48 million, in line with the decline in the portfolio. Net claims in P&C increased by €43 million, with €22 million attributable to bad weather conditions in 2015. Furthermore, 2014 included a €6 million IBNR release relating to the winter storm of 2013, while a similar release did not occur in 2015. Additionally, net claims for P&C in 2014 were exceptionally low due to the benign weather conditions. In Health, claims and benefits increased by €12 million in line with the growth of the portfolio. For more information, see "—Non-Life Insurance Claim Reserves".

Operating Expenses

Operating expenses declined by 3.7% from €215 million in 2014 to €207 million in 2015 primarily as a result of cost saving initiatives within the product lines. Strict management of ICT change cost and reduction of overhead costs were the main drivers. In 2015, €3 million of Ditzo marketing expenses were allocated to the Health product line.

Acquisition Costs

Acquisition costs declined by 1.6% from €367 million in 2014 to €361 million in 2015 primarily due to a decline in commission fees driven by decreases in GWP and the commission ban on certain disability products. Acquisition costs as a percentage of GWP decreased year-over-year for the Non-life segment due to a change in product mix.

Incidental Items

Incidental investment income rose from €59 million in 2014 to €64 million in 2015 driven by adjustments of items with a non-recurring nature. These items include unrealised gains and losses on the investment portfolio of €(4) million in 2014 and €(24) million in 2015, impairments of €(6) million in 2014 and €8 million in 2015, and realised gains and losses (including compensation through the technical provisions) of €(48) million in both 2014 and 2015.

Other incidentals amounted to an expense of €14 million in 2014 and an expense of €16 million in 2015 and represent restructuring costs in the relevant periods.

New Business (Gross)

New business (gross) rose by 3.5% from €201 million in 2014 to €208 million in 2015 primarily due to more direct sales in the Health business line. Volume growth generated through mandated brokers is not accounted for as new business.

Combined Ratio

The combined ratio is calculated for the Group as a whole as well as for the individual product lines, as discussed in more detail below. For information on how the combined ratio is calculated see "—Non-life" above.

The Non-life claims ratio increased from 70.0% in 2014 to 71.1% in 2015. Within the P&C product line net claims were exceptionally low in 2014, partly due to benign weather conditions. The claims ratio increased again in 2015 to a 'normal' level, because of the occurrence of some large claim events such as storms and hail in the summer of 2015. This was offset by a lower claims ratio within Disability due to a tight claim handling process. The lower claims ratio in 2015 within Health was driven by settlements and updated claims calculations for the basic cover and releases relating to previous years. The following table shows the Non-life segment's claims ratio by product line for the periods indicated.

	For the year ended 31 December	
	2015	**2014**
	(unaudited, unless indicated otherwise)	
P&C*	60.6%	56.3%
Disability*	69.6%	71.0%
Health*	89.4%	91.5%
Total Non-life*	**71.1%**[(1)]	**70.0%**[(1)]

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

(1) Figures for 2015 audited; figures for 2014 extracted or derived from audited financial statements.

The Non-life commission ratio declined by 0.5% from 15.5% in 2014 to 15.0% in 2015. This was due to the combined effect of a change in the distribution mix, with a growing share of direct online sales in Health, as well as a change in the reinsurance commission structure of the Disability business line and the commission ban, which were partially offset by a shift to mandated brokers who charged a higher commission. In P&C, a shift to distribution by mandated brokers resulted in a higher commission ratio which rose from 26.4% in 2014 to 26.6% in 2015.

For the Disability product line, as per December 2015, the claims ratio for the preceding eight quarters back to 2013, calculated on an IFRS basis, was below 80% (of these preceding eight quarters, six quarters were below 75%).

The following table shows the Non-life segment's commission ratio by product line for the periods indicated.

	For the year ended 31 December	
	2015	**2014**
	(unaudited, unless indicated otherwise)	
P&C*	26.6%	26.4%
Disability*	11.3%	12.0%
Health*	0.9%	1.5%
Total Non-life*	**15.0%**[(1)]	**15.5%**[(1)]

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

(1) Figures for 2015 audited; figures for 2014 extracted or derived from audited financial statements.

The Non-life expense ratio declined by 0.4 percentage points from 9.3% in 2014 to 8.9% in 2015 primarily driven by lower total operating expenses, which was the result of the Group's focus on costs.

Life

The following table summarises the Life segment's results on an operating result basis and key performance indicators for the years ended 31 December 2015 and 2014.

	For the year ended 31 December	
	2015	2014[(1)]
	(in millions of euros) (unaudited)	
Gross written premiums	1,828	1,543
of which recurring premiums	1,256	1,309
of which single premiums	572	234
Change in provision for unearned premiums	—	—
Gross insurance premium	**1,828**	**1,543**
Reinsurance premiums	(212)	(10)
Net insurance premium	**1,616**	**1,533**
Investment income	1,145	1,207
Realised gains and losses[(2)]	512	291
Fair value gains and losses[(2)]	756	517
Result on investments on behalf of policyholders	559	841
Fee and commission income	—	—
Other income	32	23
Share of profit/(loss) of associates and joint ventures	—	5
Total income on an operating result basis	**3,004**	**2,884**
Insurance claims and benefits	(3,938)	(3,612)
Insurance claims and benefits recovered from reinsurers	212	8
Net insurance claims and benefits	**(3,726)**	**(3,604)**
Operating expenses	(205)	(178)
Acquisition costs	(18)	(23)
Impairments	(0)	(2)
Interest expense	(166)	(199)
Other expenses	(71)	(62)
Total expenses on an operating result basis	**(460)**	**(464)**
Operating result*[(3)]	**434**	**349**
Incidental Items[(4)]:		
Incidental results of investments*	287	122
Other incidental items*	(12)	(98)
Profit before tax	**709**	**373**
Key performance indicators		
Gross written premiums[(5)]	1,828	1,543
New business profitability[(6)]:		
VANB*	6	(17)
NB RaRoRac*	5.5%	n/a
Operating expenses[(7)]	205	178

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(2) The realised gains and losses, and the fair value gains and losses, as presented in the above table as part of the operating result, do not have an impact on the operating result. This is because these results are allocated to the insurance liabilities (included in the measurement of the insurance liabilities, through shadow accounting adjustments and realised capital gains provisions); and thereby the results are offset within the net insurance claims and benefits line.

(3) Operating results are calculated by adjusting profit before tax reported in accordance with IFRS for Incidental Items. See "—Key Performance indicators and Non-IFRS Financial Measures" for more detail on what the Incidental Items include. Given the fact that adjustments are made, where applicable, to IFRS numbers for Incidental Items, the number for the line item presented on an operating results basis is not necessarily comparable with the number for the same line item under IFRS.

(4) For more information on the Incidental Items, see "Selected Historical Financial and Operational Information—Key Performance Indicators and Non-IFRS Financial Measures—Operating Results".

(5) The full amount of premiums (both earned and unearned) for insurance contracts written or assumed during the period, without deductions for premiums ceded to reinsurers.

(6) VANB and NB RaRoRac represent the value added by new business written in the reporting period based on discounted future cash flows and do not include future new business. In comparison to VANB, NB RaRoRac not only takes into account the required capital on insurance, counterparty and operational risks, but also takes into account the required capital on market risk (i.e. interest rate risk; credit risk; equity price risk and property risk). Both measures are calculated for internal management purposes on a quarterly basis using the quarter-end economic assumptions, except for the single premium business which is valued using economic assumptions at point of sale. Most operating assumptions are updated on a yearly basis, except for inflation and initial expenses which are updated on a quarterly basis. A positive VANB means that the after-tax return on new business written (excluding investment returns), based on the assumptions applied, is expected to exceed the risk free return plus cost of capital. From 2015 and onwards, the Group uses NB RaRoRac to measure new business profitability. For 2013, 2014 and 2015 the Group measured new business profitability by VANB.

(7) Expenses associated with the segment's operations that are directly attributable to the reporting period, such as marketing costs, information technology expenses, consulting fees, business accommodation expenses, cost of temporary staff, and depreciation charges. Personnel expenses are mainly comprised of salaries, social security contributions and pension costs.

Gross Written Premiums

Total Life GWP increased by 18.5% from €1,543 million in 2014 to €1,828 million in 2015.

Individual life GWP declined by 10.0% from €807 million in 2014 to €727 million in 2015 due to less new business written, which was mainly the result of a continued decrease in demand for Life insurance products due to the termination of beneficial tax treatment for these products and the Group's strategy of "value-over-volume" in which new sales volumes are selectively grown to protect margin. This decrease related to the recurring premiums which decreased from €692 million in 2014 to €632 million in 2015, while single premiums decreased from €116 million in 2014 to €95 million in 2015. The 10.0% decrease in GWP was in line with broader market trends. APE decreased from €703 million in 2014 to €642 million in 2015.

Pensions GWP increased by 55.3% from €626 million in 2014 to €972 million in 2015. While the recurring premiums decreased from €512 million in 2014 to €500 million in 2015, the single premiums increased from €114 million in 2014 to €471 million in 2015. This increase in single premiums was the result of the buyout of the Chevron Pension Fund (in the amount of €370 million) and to a lesser extent the acquisition of the De Eendragt (€15 million of GWP as from July 2015 (being the date when De Eendragt was accounted for in the accounting records of the Group)). Disregarding the 2015 acquisitions, Pensions GWP would have decreased. The retention rate increased from 60% in 2014 to 73% in 2015. APE increased from €523 million in 2014 to €547 million in 2015.

Funeral GWP increased by 18.3% from €109 million in 2014 to €129 million in 2015 mainly due to the acquisitions of Axent. The contribution of Axent to the GWP in 2015 was €22 million (Axent was accounted for in the accounting records of the Group as from August 2015). Recurring premiums amounted to €105 million in 2014 and €125 million in 2015. Single premiums amounted to €4 million in 2014 and €5 million in 2015. APE increased from €105 million in 2014 and €125 million in 2015.

The reinsurance premiums ceded increased from €10 million in 2014 to €213 million in 2015. The increase relates to Pensions where a quota share reinsurance policy was obtained (single premium) from a third party relating to the Chevron contract which the Group acquired in 2015.

Net insurance premiums increased by 5.4% from €1,533 million in 2014 to €1,616 million in 2015. Net insurance premiums include GWP and reinsurance premiums.

Investment Income

Investment income declined by 5.1% from €1,207 million in 2014 to €1,145 million in 2015 mainly due to decreased yields on the fixed income portfolio (€18 million) and decreased income from derivatives

(€41 million). These two negative movements were partly offset, mainly by increased investment income (€13 million) from the shift from bonds to mortgages. The investment income portfolio mix consisted of interest from bonds, mortgages, savings-linked mortgage income, dividends, interest from derivatives, rental property income and income from other types of loans that remained stable in both periods.

Realised Gains and Losses

Realised gains and losses rose by 75.9% from €291 million in 2014 to €512 million in 2015 primarily driven by the sale of fixed-income securities and equities. The decline in market rates positively affected the Group's ability to realise gains on the sale of fixed-income securities and certain derivative instruments. In accordance with the Group's accounting policy, part of the realised gains and losses, mainly related to available for sale fixed-income securities allocated to insurance liabilities, is added to the insurance liabilities provisions (via net claims and benefits) and amortised over the remaining contractual term of the disposed financial assets. Only this part of realised gains and losses is part of the operational result. Other realised gains and losses are considered as incidental.

Fair Value Gains and Losses

The profit contribution from fair value gains and losses rose by 46.2% from €517 million in 2014 to €756 million in 2015 primarily due to the realisation of fair value results on interest rate derivatives (swaps and swaptions) driven by the restructuring of the interest rate derivative portfolio. The restructuring occurred as part of the Group's policy to decrease balance sheet risk.

The change in the value of the interest rate derivatives was offset through the use of shadow accounting (for more information on the use of shadow accounting for insurance liabilities, see "—Principal Accounting Policies, Estimates and Judgements—Liabilities Arising from Insurance Contracts—Shadow Accounting") by a corresponding increase in the amount in net claims and benefits and therefore had no impact on net results. Only these gains are part of the operating result, other fair value gains and losses are considered as incidental.

Result on Investments on Behalf of Policyholders

Result on investment on behalf of policyholders decreased by 33.5% from €841 million in 2014 to €559 million in 2015 mainly due to decreasing yields on fixed income instruments.

Net Insurance Claims and Benefits

Net insurance claims and benefits rose by 3.4% from €3,604 million in 2014 to €3,726 million in 2015. This increase was primarily due to the acquisitions of De Eendragt and Axent in 2015 which contributed to the 18.5% increase in GWP. Notwithstanding the fact that the Group's insurance portfolio increased significantly, the insurance claims and benefits remained fairly stable compared to 2014 due to a reinsurance, in December 2015, of a significant portion of the pension fund acquisition to lower longevity risk. The following table shows the composition of life insurance claims and benefits for the periods indicated.

	For the year ended 31 December	
	2015	**2014**
	(in millions of euros) (unaudited)	
Claims paid	(2,496)	(2,356)
Change in reserves and other movements	(1,074)	(449)
Net insurance claims and benefits on behalf of policyholders	(156)	(798)
Total net insurance claims and benefits	**(3,726)**	**(3,604)**

The increase in claims paid was mainly driven by the acquisition of Axent and De Eendragt, which resulted in an increase of the Life segment business. The change in reserves and other movements reflects the movement in insurance liabilities, including shadow accounting changes (for more information, see "—Principal Accounting Policies, Estimates and Judgements—Liabilities Arising from Insurance Contracts—Shadow Accounting"). Further, the release of the provision for realised gains and losses contributed to the increase in changes in reserves. The decrease in net insurance claims and benefits on behalf of policyholders was mainly due to revaluation of the underlying (unit linked) investments.

Operating Expenses

Operating expenses increased by 15.2% from €178 million in 2014 to €205 million in 2015 on an 18.5% increase in GWP. This increase was partly attributable to the allocation of property for own use to Individual Life due to administrative simplification on the group level in 2015. The expense increase was also due to expenses incurred for the integration of Axent and De Eendragt, start-up expenses for the introduction of the Group's APF, outsourcing to Infosys, the conversion from old pension administration systems to new systems and system updates for the increase in pension age to 67 for Funeral and Pension. The average number of internal employees declined 16.8% from 536 FTEs to 446 FTEs over the same period. The decrease in FTEs was mainly due to the outsourcing of FTEs to an outsourcing partner.

Interest Expense

Interest expense declined by 16.6% from €199 million in 2014 to €166 million in 2015 primarily driven by interest expenses on derivatives. Interest expenses on derivatives decreased due to selectively unwinding part of the derivatives portfolio and the addition of new payer swaps (aimed at minimising the impact of interest rate movements on the Solvency II ratio), combined with slightly lower market interest rates in 2015.

Incidental Items

Incidental investment income rose from €122 million in 2014 to €287 million in 2015 driven by adjustments of items of a non-recurring nature. These items include realised gains on the investment portfolio of €70 million in 2014 and €131 million in 2015, an impairment on buildings held for own use of €4 million in 2014 and €5 million in 2015, an impairment on equity securities of €3 million in 2014 and €4 million in 2015, a reversal of an impairment on other asset-backed securities of €18 million in 2014 and €23 million in 2015 and an unrealised gain of €45 million in 2014 and €140 million in 2015.

Other incidentals amounted to an expense of €98 million in 2014 and an expense of €12 million in 2015. The 2014 balance mainly consisted of a €93 million impairment of VOBA after a more granular impairment analysis of unit-linked portfolio types was completed. The 2015 balance was mainly related to restructuring expenses that had been incurred for various reorganisations and ongoing costs reduction programmes.

New Business Profitability

VANB and NB RaRoRac represent the value added by new business written in the reporting period based on discounted future cash flows and do not include future new business. In comparison to VANB, NB RaRoRac takes into account not only the required capital on insurance, counterparty and operational risks, but also the required capital on market risk (i.e. interest rate risk; credit risk; equity price risk and property risk). For periods after 2015, the Group uses NB RaRoRac to measure new business profitability, whereas for 2014 and 2015 the Group measured new business profitability by VANB. The VANB had a negative value of €17 million in 2014 and a positive value of €6 million in 2015. The NB RaRoRac was 5.5% in 2015, which is in line with the internal hurdle rate for 2015.

Banking and Asset Management

The following table summarises the Banking and asset management segment's results on an operating result basis and key performance indicators for the years ended 31 December 2015 and 2014.

	For the year ended 31 December	
	2015	**2014[(1)]**
	(in millions of euros, unless indicated otherwise) (unaudited)	
Investment income	116	108
Fee and commission income	11	12
Other income	—	2
Total income on an operating result basis	**127**	**122**
Operating expenses	(48)	(46)
Interest expenses	(21)	(24)
Other expenses	(46)	(45)
Total expenses on an operating result basis	**(115)**	**(115)**
Operating result*[(2)]	**12**	**7**
Incidental Items[(3)]:		
Incidental results of investments*	(1)	—
Other incidental items*	(1)	(1)
Profit before tax	**10**	**6**
Key performance indicators		
Operating result growth*[(4)]	71%	75%

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(2) Operating results are calculated by adjusting profit before tax reported in accordance with IFRS for Incidental Items. See "—Key Performance indicators and Non-IFRS Financial Measures" for more detail on what the Incidental Items include. Given the fact that adjustments are made, where applicable, to IFRS numbers for Incidental Items, the number for the line item presented on an operating results basis is not necessarily comparable with the number for the same line item under IFRS.

(3) For more information on the Incidental Items, see "Selected Historical Financial and Operational Information—Key Performance Indicators and Non-IFRS Financial Measures—Operating Results".

(4) Represents the percentage at which operating result grew for the segment presented.

Investment Income

Investment income consists of fee income and net interest income. Fee income from asset management activities rose by 6.7% and amounted to €75 million in 2014 and €80 million in 2015, in line with the increase in assets under management for ANB and ASR REIM. Interest income derived from providing banking services amounted to €31 million in 2014 and €32 million in 2015. The increase in interest income resulted in a net interest margin of €11 million in 2015 versus €9 million in 2014. This increase was due to a higher exposure to mortgages and bonds, partly offset by a decline in the interest margin from 92 basis points in 2014 to 84 basis points in 2015, mainly driven by lower reinvestment rates on the bond portfolio and new mortgage production.

Operating Expenses

Operating expenses rose by 4.3% from €46 million in 2014 to €48 million in 2015, mainly driven by investments in personnel required for the launch of new services and funds as well as expenses due to increased reporting requirements driven by the regulatory environment.

Interest Expenses

Interest expenses decreased by 12.5% from €24 million in 2014 to €21 million in 2015. The savings deposit balance increased from €1,032 million in 2014 to €1,174 million in 2015. Though the saving deposits increased in 2015, interest expenses declined as a result of the lower interest rate environment.

Other Expenses

Other expenses include provisions for credit losses, profit sharing and various miscellaneous expenses. Other expenses increased by 2.2% from €45 million in 2014 to €46 million in 2015.

Other Measures

The CET1 ratio, which measures the Bank's core equity capital compared to its total risk-weighted assets, was 20% at 31 December 2015 and 9% at 31 December 2014. The Liquidity Coverage Ratio ("**LCR**"), which measures the ratio between assets that can be easily and immediately converted into cash at little or no loss and the net cash outflows for the coming 30 days, was 824% at 31 December 2015 and 393% at 31 December 2014.

Distribution and Services

The following table summarises the Distribution and services segment's results on an operating result basis and key performance indicators for the years ended 31 December 2015 and 2014.

	For the year ended 31 December	
	2015	**2014[(1)]**
	(in millions of euros, unless indicated otherwise) (unaudited)	
Total income	26	8
Operating expenses	(22)	(6)
Other expenses	(1)	—
Total expenses on an operating result basis	**(23)**	**(6)**
Operating result*[(2)]	**3**	**2**
Incidental Items[(3)]		
Incidental results of investments*	—	(1)
Other incidental items*	1	—
Profit before tax[(4)]	**4**	**1**
Key performance indicators		
Operating result growth*[(5)]	50%	100%

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(2) Operating results are calculated by adjusting profit before tax reported in accordance with IFRS for Incidental Items. See "—Key Performance indicators and Non-IFRS Financial Measures" for more detail on what the Incidental Items include. Given the fact that adjustments are made, where applicable, to IFRS numbers for Incidental Items, the number for the line item presented on an operating results basis is not necessarily comparable with the number for the same line item under IFRS.

(3) For more information on Incidental Items, see "Selected Historical Financial and Operational Information—Key Performance Indicators and Non-IFRS Financial Measures—Operating Results"

(4) Profit before tax only includes results from continuing operations. The IFRS result of discontinued operations is not included in the Profit before tax number as it is presented on the face of the income statement below the Profit before tax number. The IFRS profit before tax for SOS International (classified as discontinued) was €0 million for 2015 and €0 million for 2014.

(5) Represents the percentage at which operating result grew for the segment presented.

Total Income

Total income mainly consisted of service fee income. Total income rose by 225.0% from €8 million in 2014 to €26 million in 2015 primarily due to the acquisition of VKG in January 2015 (total service fee income of €19 million).

Operating Expenses

Operating expenses rose by 226.7% from €6 million in 2014 to €22 million in 2015 mainly driven by the acquisition of VKG (€15 million in operating expenses). The majority of the operating expenses were related to personnel and ICT.

Holding and Other

The following table summarises the Holding and other segment's results on an operating result basis and key performance indicators for the years ended 31 December 2015 and 2014.

	For the year ended 31 December	
	2015	**2014[1]**
	(in millions of euros) (unaudited)	
Investment income	12	14
Operating expenses	(81)	(62)
Interest expenses	(9)	(5)
Other income and expenses	(1)	—
Result before tax and pension expenses on an operating result basis	**(79)**	**(53)**
Pension expenses on an operating result basis	(14)	(49)
Operating result*[2]	**(93)**	**(102)**
Incidental Items[3]:		
Incidental results of investments*	19	36
Other incidental items*	7	26
Profit before tax	**(67)**	**(40)**

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(2) Operating results are calculated by adjusting profit before tax reported in accordance with IFRS for Incidental Items. See "—Key Performance indicators and Non-IFRS Financial Measures" for more detail on what the Incidental Items include. Given the fact that adjustments are made, where applicable, to IFRS numbers for Incidental Items, the number for the line item presented on an operating results basis is not necessarily comparable with the number for the same line item under IFRS.

(3) For more information on the Incidental Items, see "Selected Historical Financial and Operational Information—Key Performance Indicators and Non-IFRS Financial Measures—Operating Results".

Investment Income

Investment income mainly consisted of investment income from inter-company loans, investments in preferred shares and equities, real estate investment funds and short-term deposits. Investment income declined by 14.3% from €14 million in 2014 to €12 million in 2015. The decrease was mainly due to a full-year effect from the partial disposal of the preferred shares position, which occurred during 2014.

Operating Expenses

Operating expenses rose by 30.6% from €62 million in 2014 to €81 million in 2015, mainly driven by upscaling a Solvency II project for an amount of €9 million and higher pension service costs (€7 million) impacted by lower interest rates. The table below shows a breakdown of the operating expenses of Holding and other for 2015 and 2014, which relate to the costs of corporate group functions.

	For the year ended 31 December	
	2015	**2014**
	(in millions of euros) (unaudited)	
Pension (service cost)	(14)	(7)
Audit, Integrity, Risk and Finance department related cost	(35)	(31)
Board of directors remuneration	(8)	(7)
Marketing & communication	(17)	(17)
Other	(7)	(—)
Total operating expenses	**(81)**	**(62)**

Interest Expenses

Interest expenses increased by 80.0% from €5 million in 2014 to €9 million in 2015. Interest expenses primarily relates to the interest expenses on external debt, in particular a €250 million senior loan, and intercompany borrowings as part of intra-group financing. In September 2015, the Group issued €497 million of subordinated loans with a fixed coupon rate and redeemed the €250 million senior loan. These subordinated loans are classified as a liability under IFRS and the annual interest on these subordinated loans is expensed through the income statement.

Pension Expenses

The pension expenses declined by 71.4% from €49 million in 2014 to €14 million in 2015 primarily as a result of decreasing interest rates (€31 million). The interest rate applied for accruing interest, representing the funding cost, was 2.0% for 2015 and 3.9% for 2014.

Real Estate Development

The following table summarises the Real estate development segment's results of operations on the basis of IFRS for the years ended 31 December 2015 and 2014. Since the Group no longer classifies its real estate development business as one of its core activities and the Real estate development segment is in run-off, its results are not included in the operating result of the Group and are not presented on an

operating result basis. The table below shows the IFRS results for the continuing part of the Real estate development segment.

	For the year ended 31 December	
	2015	2014[1]
	(in millions of euros)	
Sales from buildings held for resale, net	50	103
Cost of sales from buildings held for resale	(137)	(106)
Gross margin	**(87)**	**(3)**
Investment income	2	2
Other income	2	—
Other expenses	—	—
Operating expenses	(9)	(8)
Interest expense	(1)	(2)
Profit before tax[2]	**(93)**	**(12)**

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(2) Profit before tax only includes results from continuing operations. The IFRS result of discontinued operations is not included in the profit before tax figure, as it is presented on the face of the income statement below the profit before tax figure. The IFRS result after tax for the portion of Real estate development that is classified as discontinued was (€18 million) in 2015 and (€6 million) in 2014. Impairments related to discontinued operations amounted to €21 million in 2015 (2014: €0).

Sales from Buildings Held for Resale, Net

The sales from buildings held for resale, net decreased by 51.5% from €103 million in 2014 to €50 million in 2015. This decrease was primarily due to a slowing in the real estate market and de-risking efforts of the Group to reduce total real estate assets.

Cost of Sales from Buildings Held for Resale

The cost of sales from buildings held for resale increased by 29.2% from €106 million in 2014 to €137 million in 2015, mainly driven by a number of impairment charges in 2015 on development projects in order to reduce risks of the Group.

Operating Result by Segment for the Years Ended 31 December 2014 and 2013

Non-Life

The following table summarises the Non-life segment's results on an operating result basis and key performance indicators for the years ended 31 December 2014 and 2013.

	For the year ended 31 December	
	2014[1]	**2013[1]**
	(in millions of euros, unless indicated otherwise) (unaudited)	
Gross written premiums	2,359	2,392
Change in provision for unearned premiums	(4)	1
Gross insurance premium	**2,355**	**2,393**
Reinsurance premiums	(130)	(151)
Net insurance premium	**2,225**	**2,242**
Investment income	135	143
Realised gains and losses[2]	43	16
Fair value gains and losses[2]	—	—
Result on investments on behalf of policyholders	—	—
Fee and commission income	23	35
Other income	6	6
Share of profit/(loss) of associates and joint ventures	—	—
Total income on an operating result basis	**207**	**200**
Insurance claims and benefits	(1,751)	(1,923)
Insurance claims and benefits recovered from reinsurers	92	96
Net insurance claims and benefits	**(1,659)**	**(1,827)**
Operating expenses	(215)	(240)
Acquisition costs	(367)	(395)
Impairments	(19)	—
Interest expense	(1)	(3)
Other expenses	(16)	(12)
Total expenses on an operating result basis	**(618)**	**(650)**
Operating result*[3]	**155**	**(35)**
Incidental Items[4]:		
Incidental results of investments*	59	26
Other incidental items*	(14)	(11)
Profit before tax	**199**	**(19)**
Key performance indicators		
Claims ratio*[5]	70.0%	78.3%
Commission ratio*[6]	15.5%	16.1%
Expense ratio*[7]	9.3%	10.5%
Combined ratio*[8]	**94.8%**	**104.9%**

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(2) The realised gains and losses, and the fair value gains and losses, as presented in the above table as part of the operating result, do not have an impact on the operating result. This is because these results are allocated to the insurance liabilities (included in

the measurement of the insurance liabilities, through shadow accounting adjustments and realised capital gains provisions); and thereby the results are offset within the net insurance claims and benefits line.

(3) Operating results are calculated by adjusting profit before tax reported in accordance with IFRS for Incidental Items. See "—Key Performance indicators and Non-IFRS Financial Measures" for more detail on what the Incidental Items include. Given the fact that adjustments are made, where applicable, to IFRS numbers for Incidental Items, the numbers for the line items presented in the above table that are all included to derive operating result are therefore not necessarily comparable with the numbers for the same line items under IFRS.

(4) For more information on the Incidental Items, see "Selected Historical Financial and Operational Information—Key Performance Indicators and Non-IFRS Financial Measures—Operating Results".

(5) The claims ratio is defined as the cost of claims expressed as a percentage of net earned premiums. The cost of claims excludes (i) the compensation of realised capital gains through the technical reserves, (ii) interest accrual on reserves and (iii) prudence margin for Health.

(6) The commission ratio is defined as net commissions charged for the period, expressed as a percentage of net earned premiums.

(7) The expense ratio is defined as operating expenses less investment costs, expressed as a percentage of net earned premiums.

(8) The sum of Non-life insurance net claims and benefits (net of interest accrual on reserves, compensation of realised capital gains and prudence margin for Health), net fee and commission expense and operating expense (excluding investment costs), expressed as a percentage of net earned premiums.

Gross Written Premiums

GWP declined by 1.4% from €2,392 million in 2013 to €2,359 million in 2014 driven by a decrease in P&C, which was largely offset by increases in Disability and Health. GWP of P&C was negatively affected by actions taken by the Group to improve the quality of the portfolio, as well as by the general slowdown in the Dutch P&C market and increased price pressure on insurers, as well as by portfolio reassessment activities, including reassessment and termination of loss-making contracts, and improved underwriting policies and risk-based policies with higher tariffs. The increase in Disability GWP was mainly the result of a €21 million single premium contract entered into with a third-party pension fund. The increase in GWP of Health was mainly driven by the Group's direct distribution channel—online sales under the Ditzo brand for Health introduced in 2012. Health was also positively affected by a payment from the Dutch government as part of the equalisation system due to over-budgeting of total healthcare costs by the government in previous years that is not expected to be sustainable in future periods. For more information, see "Supervision and Regulation—Dutch Regulatory Framework—Insurance and Insurance-Related Regulation—Health Insurance Companies".

The reinsurance premiums decreased by 13.9% from €151 million in 2013 to €130 million in 2014. This was primarily the result of a change in market pricing and, to a lesser extent, changes in coverage. As a percentage of GWP, reinsurance premiums amounted to 5.5% in 2014 and 6.3% in 2013. In 2014, the reinsurance program remained largely the same as in 2013 in terms of cover and limits, with minor changes based on the Group's risk appetite. In 2014, the Group purchased loss reinsurance cover with a slightly higher amount of coverage for storm for accident year 2015 (raising the Group's coverage from €325 million to €344 million, in both cases with a deductible of €30 million).

Net insurance premiums decreased by 0.8% from €2,242 million in 2013 to €2,225 million in 2014.

The table below shows GWP for P&C, Disability and Health for the years ended 31 December 2014 and 31 December 2013.

	For the year ended 31 December	
	2014	2013
	(in millions of euros) (unaudited)	
P&C	991	1,043
Disability	777	770
Health	591	579
Total	**2,359**	**2,392**

Investment Income

Investment income declined by 5.6% from €143 million in 2013 to €135 million in 2014 mainly due to decreased yields. The investment income portfolio mix for the Non-life segment mainly consisted of fixed income securities, dividends and rental income from investment properties.

Realised Gains and Losses

Realised gains and losses rose by 168.8% from €16 million in 2013 to €43 million in 2014 primarily driven by gains on the sale of available for sale fixed-income securities and equities. In accordance with the Group's accounting policy, part of the realised gains and losses, mainly related to available for sale fixed-income securities allocated to insurance liabilities, is added to the insurance liabilities provisions (via net claims and benefits) and amortised over the remaining contractual term of the disposed financial assets. This applies to disability products with fixed payment terms where the current interest rate applicable is lower than the interest rate that was used in pricing at inception of the insurance contract. The increase in and subsequent release of the technical provisions is part of the claims and benefits in profit and loss. When calculating the combined ratio, the claims and benefits are corrected for this increase in provision (compensation capital gains through technical provisions).

No fair value gains and losses were recorded in 2014 and 2013 on an operating result definition. This is because fair value gains and losses are adjusted for and not shown in the operating result of the Non-life segment.

Net Insurance Claims and Benefits

Net insurance claims and benefits declined by 9.2% from €1,827 million in 2013 to €1,659 million in 2014 primarily driven by improved processes in P&C and Disability, including terminations of loss-making contracts, and improvements in claims management and underwriting policies. The net insurance claims and benefits recovered from insurers decreased slightly from €96 million in 2013 to €92 million in 2014 which correlates with the decline in claims and benefits. Favourable weather conditions in 2014 also contributed to the positive developments of insurance claims and benefits in the P&C business line. In Health, claims and benefits in relation to GWP remained stable in both years. For more information, see "—Non-Life Insurance Claim Reserves" below. The net insurance claims and benefits declined despite the increase of €23 million of the compensation of realised capital gains, see "—Realised Gains and Losses" above.

Operating Expenses

Operating expenses declined by 10.4% from €240 million in 2013 to €215 million in 2014 primarily as a result of cost savings initiatives within the product lines. Strict management of ICT change cost, reduction of overhead head count were the main drivers. Cost of branding was allocated to the Holding and other segment as the campaigns were focused on the role of the Group in society, while the campaigns in previous years were primarily focused at the segmental level.

Acquisition Costs

Acquisition costs declined by 7.1% from €395 million in 2013 to €367 million in 2014 primarily due to a decline in commission fees driven by decreases in GWP. Acquisition costs as a percentage of GWP has remained relatively stable year-over-year for the Non-life segment. Also the commission ban (*provisieverbod*), which prohibits Dutch life insurers from charging acquisition-related costs to policyholders, led to a decrease in acquisition cost associated with policies for individual disability. Acquisition costs charged in the past by Dutch life insurers are, as from the introduction of the commission ban, directly paid by the policyholder to intermediaries (i.e. agents or brokers).

Incidental Items

Incidental investment income more than doubled from €26 million in 2013 to €59 million in 2014. The increase was mainly driven by the reversal of net capital gains on the investment portfolio of €58 million in 2013 and €48 million in 2014 and by reversals of impairments on goodwill, impairments on investments for own account on the investment portfolio and unrealised capital gains and losses of fair value investments (adjusted for shadow accounting) for a total of €31 million in 2013 and €(10) million in 2014.

Other incidentals amounted to an expense of €11 million in 2013 and an expense of €14 million in 2014 and represent restructuring costs in the relevant periods.

New Business (Gross)

New business (gross) declined by 6.5% from €215 million in 2013 to €201 million in 2014 primarily due to measures taken by the Group with respect to the Disability business line (after industry-wide issues relating to the claim allocations from workers' compensation and healthcare insurance in 2012 and 2013 driven by governmental regulations), resulting in higher tariffs to improve profitability and leading to lower demand in 2014. For more information, see "—Non-Life Insurance Claim Reserves" below. Volume growth generated via mandated brokers is not accounted for as new business.

Combined Ratio

The combined ratio is calculated for the Group as a whole as well as for the individual product lines, as discussed in more detail below. For information on how the combined ratio is calculated see "—Non-life" above.

The Non-life claims ratio declined 8.3 percentage points from 78.3% in 2013 to 70.0% in 2014 primarily driven by improved processes in P&C and Disability, including the termination of loss-making contracts, and improvements in claims management and underwriting policies further described under "—Insurance Claims and Benefits" above. The Health claims ratio remained stable at 91.5%. The following table shows the Non-life segment's claims ratio by product line for the periods indicated.

	For the year ended 31 December	
	2014	**2013**
	(unaudited, unless indicated otherwise)	
P&C*	56.3%	59.9%
Disability*	71.0%	94.2%
Health*	91.5%	91.5%
Total Non-life*	**70.0%**[(1)]	**78.3%**[(1)]

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

(1) Figures for 2014 and 2013 extracted or derived from audited financial statements.

The Non-life commission ratio declined 0.6 percentage points from 16.1% in 2013 to 15.5% in 2014 due to a change in the distribution mix with a growing share of direct online sales in Health, as well as a change in the reinsurance commission structure of the Disability business line, which were partially offset by an increased share of mandated brokers that charge higher commissions. In P&C, a shift to distribution by mandated brokers contributed to a higher commission ratio which rose from 26.1% in 2013 to 26.4% in 2014.

For the Disability product line, a high provision was recorded in 2013 due to the adverse development with regard to the WGA-ER product. This resulted in, compared to 2014, a higher combined ratio. Due to a controlled claims handling process the claims ratio improved in 2014.

The following table shows the Non-life segment's commission ratio by product line for the periods indicated.

	For the year ended 31 December	
	2014	**2013**
	(unaudited, unless indicated otherwise)	
P&C*	26.4%	26.1%
Disability*	12.0%	13.3%
Health*	1.5%	2.0%
Total Non-life*	**15.5%[(1)]**	**16.1%[(1)]**

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

(1) Figures for 2014 and 2013 extracted or derived from audited financial statements.

The Non-life expense ratio declined 1.2 percentage points from 10.5% in 2013 to 9.3% in 2014 primarily driven by lower total operating expenses, the result of the Group's focus on costs.

Life

The following table summarises the Life segment's results on an operating result basis and key performance indicators for the years ended 31 December 2014 and 2013.

	For the year ended 31 December	
	2014[1]	2013[1]
	(in millions of euros) (unaudited)	
Gross written premiums	1,543	1,666
of which recurring premiums	1,309	1,421
of which single premiums	234	245
Change in provision for unearned premiums	—	—
Gross insurance premium	**1,543**	**1,666**
Reinsurance premiums	(10)	(13)
Net insurance premium	**1,533**	**1,653**
Investment income	1,207	1,267
Realised gains and losses[2]	291	230
Fair value gains and losses[2]	517	381
Result on investments on behalf of policyholders	841	767
Fee and commission income	—	—
Other income	23	9
Share of profit/(loss) of associates and joint ventures	5	14
Total income on an operating result basis	**2,884**	**2,668**
Insurance claims and benefits	(3,612)	(3,372)
Insurance claims and benefits recovered from reinsurers	8	14
Net insurance claims and benefits	**(3,604)**	**(3,358)**
Operating expenses	(178)	(194)
Acquisition costs	(23)	(32)
Impairments	(2)	(10)
Interest expense	(199)	(240)
Other expenses	(62)	(41)
Total expenses on an operating result basis	**(464)**	**(517)**
Operating result*[3]	**349**	**446**
Incidental Items[4]:		
Incidental results of investments*	122	17
Other incidental items*	(98)	(15)
Profit before tax	**373**	**449**
Key performance indicators		
Gross written premiums[5]	1,543	1,666
New business profitability[6]:		
VANB*	(17)	7
NB RaRoRac*	n/a	n/a
Operating expenses[7]	178	194

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(2) The realised gains and losses, and the fair value gains and losses, as presented in the above table as part of the operating result, do not have an impact on the operating result. This is because these results are allocated to the insurance liabilities (included in

the measurement of the insurance liabilities, through shadow accounting adjustments and realised capital gains provisions); and thereby the results are offset within the net insurance claims and benefits line.

(3) Operating results are calculated by adjusting profit before tax reported in accordance with IFRS for Incidental Items. See "—Key Performance indicators and Non-IFRS Financial Measures" for more detail on what the Incidental Items include. Given the fact that adjustments are made, where applicable, to IFRS numbers for Incidental Items, the numbers for the line items presented in the above table that are all included to derive operating result are therefore not necessarily comparable with the numbers for the same line items under IFRS.

(4) For more information on the Incidental Items, see "Selected Historical Financial and Operational Information—Key Performance Indicators and Non-IFRS Financial Measures—Operating Results".

(5) The full amount of premiums (both earned and unearned) for insurance contracts written or assumed during the period, without deductions for premiums ceded to reinsurers.

(6) VANB and NB RaRoRac represent the value added by new business written in the reporting period based on discounted future cash flows and do not include future new business. In comparison to VANB, NB RaRoRac not only takes into account the required capital on insurance, counterparty and operational risks, but also takes into account the required capital on market risk (i.e. interest rate risk; credit risk; equity price risk and property risk). Both measures are calculated for internal management purposes on a quarterly basis using the quarter-end economic assumptions, except for the single premium business which is valued using economic assumptions at point of sale. Most operating assumptions are updated on a yearly basis, except for inflation and initial expenses which are updated on a quarterly basis. A positive VANB means that the after-tax return on new business written (excluding investment returns), based on the assumptions applied, is expected to exceed the risk free return plus cost of capital. From 2015 and onwards, the Group uses NB RaRoRac to measure new business profitability. For 2013, 2014 and 2015 the Group measured new business profitability by VANB.

(7) Expenses associated with the segment's operations that are directly attributable to the reporting period, such as marketing costs, information technology expenses, consulting fees, business accommodation expenses, cost of temporary staff, and depreciation charges. Personnel expenses are mainly comprised of salaries, social security contributions and pension costs.

Gross Written Premiums

Total Life GWP decreased by 7.4% from €1,666 million in 2013 to €1,543 million in 2014.

Individual life GWP declined by 7.2% from €870 million in 2013 to €807 million in 2014 due to a decrease in new business written, mainly the result of a lower demand for Life insurance products due to the termination of beneficial tax treatment for these products and the Group's strategy of "value-over-volume" in which new sales volumes are selectively grown to protect margin. This decrease related to recurring premiums as these decreased from €766 million in 2013 to €692 million in 2014, while single premiums slightly increased from €103 million in 2013 to €116 million in 2014. The APE of Individual life decreased from €777 million in 2013 to €703 million in 2014.

Pensions GWP declined by 8.5% from €684 million in 2013 to €626 million in 2014 mainly due to lower premiums paid by existing customers (pension accruals as of 2014 were capped at 2.15% upon retirement at the age of 67) and termination of existing contracts, with the retention rate decreasing from 69% in 2013 to 60% in 2014. This decrease relates to the recurring premiums, which decreased from €547 million in 2013 to €512 million in 2014 and to single premiums, which decreased from €137 million in 2013 to €114 million in 2014. APE decreased from €561 million in 2013 to €523 million in 2014.

Funeral GWP remained stable and amounted to €111 million in 2013 and €109 million in 2014. Recurring premiums amounted to €107 million in 2013 and €105 million in 2014. Single premiums amounted to €4 million in both 2013 and 2014. APE remained fairly stable and amounted to €108 million in 2013 and €105 million in 2014.

The reinsurance premiums ceded decreased from €13 million in 2013 to €10 million in 2014 in line with a decrease in GWP for the Life segment as a whole.

Net insurance premiums decreased by 7.3% from €1,653 million in 2013 to €1,533 million in 2014.

Investment Income

Investment income declined by 4.7% from €1,267 million in 2013 to €1,207 million in 2014 mainly due to decreased yields on the fixed income portfolio of €40 million and decreased income from derivatives of €55 million. These two negative movements were partly offset mainly by increased investment income of €22 million from mortgages as the Group issued more mortgages. The investment income portfolio mix consisted of interest from bonds, mortgages, savings-linked mortgage income, dividends, interest from derivatives, rental property income and income from other types of loans that remained stable in both periods.

Realised Gains and Losses

Realised gains and losses rose by 26.5% from €230 million in 2013 to €291 million in 2014 primarily driven by gains on the sale of available for sale fixed-income securities and equities. The decline in market rates positively affected the Group's ability to realise gains on the sale of fixed-income securities and certain derivative instruments. In accordance with the Group's accounting policy, the realised gains and losses, related to available for sale fixed-income securities allocated to insurance liabilities are, in case the market interest rate is below the discount rate, added to the insurance liabilities provisions (via net claims and benefits) and amortised over the remaining contractual term of the disposed financial assets.

Fair Value Gains and Losses

The profit contribution from fair value gains and losses rose by 35.7% from €381 million in 2013 to €517 million in 2014 primarily due to the realisation of fair value results on interest rate derivatives (swaps and swaptions) driven by the restructuring of the interest rate derivative portfolio (shift to maturities beyond 15 years). The restructuring occurred as part of the Group's policy to decrease balance sheet risk.

The change in the value of the interest rate derivatives was offset through the use of shadow accounting (for more information on the use of shadow accounting for insurance liabilities, see "—Principal Accounting Policies, Estimates and Judgements—Liabilities Arising from Insurance Contracts—Shadow Accounting") by a corresponding increase in the amount in net claims and benefits and therefore had no impact on net result.

Result on Investments on Behalf of Policyholders

Result on investment on behalf of policyholders rose by 9.6% from €767 million in 2013 to €841 million in 2014 mainly due to decreasing interest rates, recovering stock markets and strong performance related to government and credit fixed income securities. The result on investments on behalf of policyholders is partially offset through the insurance claims and benefits.

Net Insurance Claims and Benefits

Net insurance claims and benefits rose by 7.3% from €3,358 million in 2013 to €3,604 million in 2014 driven by an increase in net claims and benefits on behalf of policyholders and change in reserves that were partially offset by a decline in claims paid. The following table shows the composition of life insurance claims and benefits for the periods indicated.

	For the year ended 31 December	
	2014	**2013**
	(in millions of euros) (unaudited)	
Claims paid	(2,356)	(2,926)
Change in reserves and other movements	(449)	(346)
Net insurance claims and benefits on behalf of policyholders	(798)	(86)
Total net insurance claims and benefits	**(3,604)**	**(3,358)**

The decrease in claims paid is mainly driven by less surrender claims paid (surrender claims paid represents the sum of money the Group will pay to the policyholder in the event his or her policy is voluntarily terminated before its maturity or the insured event occurs). The change in reserves and other movements reflects the movement in insurance liabilities, including shadow accounting changes. Further, the release of the provision for realised gains and losses contributed to the increase in reserves. Net claims and benefits on behalf of policyholders rose from €86 million in 2013 to €798 million in 2014 due to a €125 million net effect of guaranteed interest added to the life insurance contract provision and fair value changes related to financial assets, a €394 million decline in benefits paid and a €318 million conversion of an insurance contract previously included in traditional life insurance liabilities, which were partially offset by a €66 million decrease in premiums received. Change in reserves and other movements reflected movements in insurance liabilities and were impacted by shadow accounting (for more information, see "—Principal Accounting Policies, Estimates and Judgements—Liabilities Arising from Insurance Contracts—Shadow Accounting") and the addition of realised gains and losses that amounted to

€572 million in 2013 and €771 million in 2014. The decrease in claims paid was mainly caused by a €468 million decline in surrendered claims.

Operating Expenses

Operating expenses declined by 8.2% from €194 million in 2013 to €178 million in 2014 on a 7.4% decline in GWP. This positive development was mainly attributable to a €17 million decline in Individual life, from €91 million in 2013 to €74 million in 2014 resulting from the implementation of cost savings initiatives, the effect of which was partially offset by project costs incurred for outsourcing initiatives including the transfer of the back-office services of one of the portfolios to a third party in 2013. The average number of internal employees declined 10.1% from 596 FTEs to 536 FTEs over the same period.

Interest Expense

Interest expense declined by 17.1% from €240 million in 2013 to €199 million in 2014 primarily driven by interest expenses on derivatives. Interest expenses on derivatives decreased due to a shift in the derivatives portfolio to longer maturities (aimed at a further reduction of balance sheet interest-rate sensitivity), combined with lower market interest rates in 2014.

Incidental Items

Incidental investment income rose from €17 million in 2013 to €122 million in 2014 driven by adjustments of items with a non-recurring nature. These items include realised gains on the investment portfolio of €64 million in 2013 and €70 million in 2014, an impairment on buildings held for own use of €21 million in 2013 and a reversal of the impairment of €4 million in 2014, an impairment on equity securities of €12 million in 2013 and €3 million in 2014, a reversal of an impairment on other asset-backed securities of €7 million in 2013 and €18 million in 2014, an impairment on private equity investments of €17 million in 2014, and an unrealised loss of fair value investments (adjusted for shadow accounting) of €53 million in 2013 and an unrealised gain of €45 million in 2014.

Other incidentals amounted to an expense of €15 million in 2013 and an expense of €98 million in 2014. The 2013 figure primarily included incidental charges for certain services being ruled by the Dutch Supreme Court as non-VAT exempt, while in 2014 other incidentals mainly consisted of a €93 million impairment of VOBA after a more granular IFRS-LAT analysis of unit-linked portfolio types was completed.

New Business Profitability

VANB decreased from €7 million in 2013 to a loss of €17 million in 2014 mainly due to a decrease in the profitability of new business. It is the Group's intention to maintain volumes and cost loadings, i.e. amounts charged to policyholders as compensation for costs incurred by the Group. As a result, the Group made targeted investments in existing DB clients to retain volumes which resulted in a negative VANB. For periods after 2015, the Group uses NB RaRoRac to measure new business profitability.

Banking and Asset Management

The following table summarises the Banking and asset management segment's results on an operating result basis and key performance indicators for the years ended 31 December 2014 and 2013.

	For the year ended 31 December	
	2014[1]	**2013[1]**
	(in millions of euros, unless indicated otherwise) (unaudited)	
Investment income	108	107
Other income	14	12
Total income on an operating result basis	**122**	**119**
Operating expenses	(46)	(40)
Interest expenses	(24)	(20)
Other expenses	(45)	(55)
Total expenses on an operating result basis	**(115)**	**(115)**
Operating result*[2]	**7**	**4**
Incidental Items[3]:		
Incidental results of investments*	—	0
Other incidental items*	(1)	(2)
Profit before tax	**6**	**2**
Key performance indicators		
Operating result growth*[4]	75%	n/a

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(2) Operating results are calculated by adjusting profit before tax reported in accordance with IFRS for Incidental Items. See "—Key Performance indicators and Non-IFRS Financial Measures" for more detail on what the Incidental Items include. Given the fact that adjustments are made, where applicable, to IFRS numbers for Incidental Items, the numbers for the line items presented in the above table that are all included to derive operating result are therefore not necessarily comparable with the numbers for the same line items under IFRS.

(3) For more information on the Incidental Items, see "Selected Historical Financial and Operational Information—Key Performance Indicators and Non-IFRS Financial Measures—Operating Results".

(4) Represents the percentage at which operating result grew for the segment presented.

Investment Income

Fee income from asset management activities remained stable and amounted to €78 million in 2013 and €75 million in 2014. Interest income derived from providing banking services amounted to €30 million in 2013 and €31 million in 2014. The interest margin declined from 106 basis points in 2013 to 92 basis points in 2014, resulting in a decline of the net interest margin from €10 million in 2013 to €9 million in 2014.

Operating Expenses

Operating expenses rose by 15.0% from €40 million in 2013 to €46 million in 2014 mainly driven by fees paid for the implementation of the Alternative Investment Fund Management Directive ("**AIFMD**") regulation, which includes reporting requirements, and the introduction of new funds by the Group.

Interest Expenses

Interest expenses increased by 20.0% from €20 million in 2013 to €24 million. This increase is primarily due to savings deposits increasing from €897 million in 2013 to €1,032 million in 2014.

Other Expenses

Other expenses declined by 18.2% from €55 million in 2013 to €45 million in 2014 primarily due to a change in the provision for credit losses caused by lower risks of default of mortgages due to the current economic climate.

Other Measures

The CET1 ratio was 9% at 31 December 2014 and 18% at 31 December 2013. The LCR was 393% at 31 December 2014 and 1013% at 31 December 2013.

Distribution and Services

The following table summarises the Distribution and services segment's results on an operating result basis and key performance indicators for the years ended 31 December 2014 and 2013.

	For the year ended 31 December	
	2014[1]	**2013[1]**
	(in millions of euros, unless indicated otherwise) (unaudited)	
Total income	8	6
Operating expenses	(6)	(5)
Other expenses	—	—
Total expenses on an operating result basis	**(6)**	**(5)**
Operating result*[2]	**2**	**1**
Incidental Items[3]:		
Incidental results of investments*	(1)	—
Other incidental items*	—	—
Profit before tax[4]	**1**	**1**
Key performance indicators		
Operating result growth*[5]	100%	n/a

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(2) Operating results are calculated by adjusting profit before tax reported in accordance with IFRS for Incidental Items. See "—Key Performance indicators and Non-IFRS Financial Measures" for more detail on what the Incidental Items include. Given the fact that adjustments are made, where applicable, to IFRS numbers for Incidental Items, the numbers for the line items presented in the above table that are all included to derive operating result are therefore not necessarily comparable with the numbers for the same line items under IFRS.

(3) For more information on Incidental Items, see "Selected Historical Financial and Operational Information—Key Performance Indicators and Non-IFRS Financial Measures—Operating Results".

(4) Profit before tax only includes results from continuing operations. The IFRS result of discontinued operations is not included in the Profit before tax number as it is presented on the face of the income statement below the Profit before tax number. The IFRS profit before tax for SOS International (classified as discontinued) was €0 million for 2014 and €1 million for 2013.

(5) Represents the percentage at which operating result grew for the segment presented.

Total Income

Total income rose by 33.3% from €6 million in 2013 to €8 million in 2014 primarily due to the acquisition of several intermediary portfolios, which it manages.

Operating Expenses

Operating expenses increased by 20.0% from €5 million in 2013 to €6 million in 2014 in line with the increase of total income.

Holding and Other

The following table summarises the Holding and other segment's results on an operating result basis and key performance indicators for the years ended 31 December 2014 and 2013.

	For the year ended 31 December	
	2014[1]	2013[1]
	(in millions of euros) (unaudited)	
Investment income	14	20
Operating expenses	(62)	(55)
Interest expenses	(5)	(5)
Other income and expenses	—	(2)
Result before tax and pension expenses on an operating result basis	**(53)**	**(42)**
Pension expense on an operating result basis	(49)	(42)
Operating result*[2]	**(102)**	**(84)**
Incidental Items[3]:		
Incidental results of investments*	36	14
Other incidental items*	26	20
Profit before tax	**(40)**	**(50)**

* Non-IFRS financial measure, which is not a measure of financial performance under IFRS and should not be considered as a replacement for any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly titled measures used by other companies.

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(2) Operating results are calculated by adjusting profit before tax reported in accordance with IFRS for Incidental Items. See "—Key Performance indicators and Non-IFRS Financial Measures" for more detail on what the Incidental Items include. Given the fact that adjustments are made, where applicable, to IFRS numbers for Incidental Items, the number for the line item presented on an operating results basis is not necessarily comparable with the number for the same line item under IFRS.

(3) For more information on the Incidental Items, see "Selected Historical Financial and Operational Information—Key Performance Indicators and Non-IFRS Financial Measures—Operating Results".

Investment Income

Investment income mainly consists of investment income from inter-company loans, investments in preferred shares and equities, real estate investment funds and short-term deposits. Investment income declined 30.0% from €20 million in 2013 to €14 million in 2014 primarily due to a partial disposal of the preferred shares position in 2014.

Operating Expenses

Operating expenses increased by 12.7% from €55 million in 2013 to €62 million in 2014, mainly driven by a lower allocation of the costs of various Group functions including financial reporting, marketing, risk management, legal and HR to the other segments and product lines. Also, the preparation for Solvency II compliance resulted in higher project costs. Furthermore, the cost of branding, which in 2014 focused on improving trust in society, and investment in management development were booked to the Holding and

other segment. The table below shows a breakdown of the operating expenses of the Holding and other segment for 2014 and 2013, which relates to the costs of corporate group functions.

	For the year ended 31 December	
	2014	2013
	(in millions of euros) (unaudited)	
Pension (service cost)	(7)	(12)
Audit, Integrity, Risk and Finance department related cost	(31)	(21)
Board of directors remuneration	(7)	(7)
Marketing & communication	(17)	(14)
Other	(—)	(1)
Total operating expenses	**(62)**	**(55)**

Interest Expenses

Interest expenses primarily relates to the interest expenses on external debt, in particular a €250 million senior loan, and intercompany borrowings as part of intra-group financing.

Pension Expenses

The pension expenses increased by 16.7% from €42 million in 2013 to €49 million in 2014 mainly due to the harmonisation of inflation indexation between the different pension plans of the Group.

Real Estate Development

The following table summarises the Real estate development segment's results of operations on the basis of IFRS for the years ended 31 December 2014 and 2013. Since the Group no longer classifies its real estate development business as one of its core activities and the Real estate development segment is in run-off, its results are not included in the operating result of the Group and are not presented on an operating result basis.

	For the year ended 31 December	
	2014(1)	2013(1)
	(in millions of euros)	
Sales from buildings held for resale, net	103	133
Cost of sales from buildings held for resale	(106)	(191)
Gross margin	**(3)**	**(58)**
Investment income	2	2
Operating expenses	(8)	(8)
Interest expense	(2)	(2)
Profit before tax(2)	**(12)**	**(66)**

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(2) Profit before tax only includes results from continuing operations. The IFRS result of discontinued operations is not included in the profit before tax figure, as it is presented on the face of the income statement below the profit before tax figure. The IFRS result after tax for the portion of Real estate development that is classified as discontinued was (€6 million) in 2014 and (€2 million) in 2013.

Sales from Buildings Held for Resale, Net

The sales from buildings held for resale, net decreased by 22.5% from €133 million in 2013 to €103 million in 2014. This decrease was primarily due to a slowing in the real estate market and re-risking efforts of the Group to reduce total real estate assets.

Cost of Sales from Buildings Held for Resale

The cost of sales from buildings held for resale decreased by 44.5% from €191 million in 2013 to €106 million in 2014 primarily due to large impairments that occurred during 2013 and that did not occur during 2014. These impairment charges were made on development projects in order to reduce risks of the Group.

Capital Requirements

The Group's capital policy aims to maintain a strong and robust capital position that contributes to the achievement of corporate targets. Compliance is monitored and enforced by internal management and control models. As of 1 January 2016, the Group is required to comply with Solvency II, the new solvency framework and prudential supervisory regime. Within the Group, second line reviews are part of the Solvency II corporate governance framework. For more information about the manner in which Solvency II is used in risk management, see "The Group's Consolidated Financial Statements as of and for the Year Ended 31 December 2015—Risk Management".

In addition to capital management based on Solvency II, the standard regime for European insurance companies, the Group uses its own internally developed methodology based on economic capital ("**ECAP**") to manage its capital.

Capital management is directed on a Group level. Capital generated by operating units and future capital releases in excess of the capital that is needed to sustain capital levels at management's targets will be allocated to profitable growth of new business or distributed to shareholders. The Group actively manages its in-force business which is expected to result in substantial free capital generation over time. The individual legal entities belonging to the Group are capitalised separately. Excess capital over the legal entity's targets is kept at the legal entity level. This excess capital is available to be up-streamed to the holding company to the extent local regulations allow and consistent with internal risk appetite. Capital can only be upstreamed from each regulated entity to the extent that the capital held by that regulated entity exceeds the management target for that entity. For information on reservation and dividend policy, see "Dividend Policy".

Until 31 December 2015, the Group reported its solvency ratios under the Solvency I framework. Solvency I is no longer applicable, and historic Solvency I ratios are set out herein only to give context to our regulatory capital position immediately prior to effectiveness of the Solvency II regime. See "Supervision and Regulation" for more information on the implementation of the Solvency II Directives in the Netherlands. The Solvency II regime has resulted in changes in the methodology for measuring and managing available and required capital. The Solvency II information set out in this prospectus is not fully comparable between the various reporting periods, as the metric, models, scope and assumptions are subject to ongoing development due to more detailed guidance from the regulators and the application of transitional measures. Accordingly, Solvency II information with respect to periods prior to year-end information for 2015 is provided solely for illustrative purposes.

Solvency I

Until 31 December 2015, regulatory solvency for insurance entities was determined in accordance with the Solvency I methodology.

The table below shows the capital position of the Group as at the dates indicated based on Solvency I.

	2015	2014	2013
	(in millions of euros, unless indicated otherwise)		
Available Solvency I Capital	5,579	4,984	4,182
Required Solvency I Capital	1,830	1,749	1,563
Solvency I ratio	305%	285%	268%

Solvency II

Introduction

Under the Solvency II framework, the European Insurance and Occupational Pensions Authority ("**EIOPA**") requires European insurance companies to calculate the SCR based on a standard formula (or a formula which is approved by the home country regulator) which takes into account the following risk modules: operational risk, market risk, health risk, counterparty default risk (including default risk of the sponsor), life insurance risk, health insurance risk and non-life insurance risk. The Group uses the standard formula, as defined in "Supervision and Regulation—Solvency II Directive".

The Solvency II calculations are based on an "economic" balance sheet, in which the assets of the Group are valued based on their market value. For each risk module, the market value of the Group's balance sheet is valued both before and after a shock. The difference in the excess of the respective market values of the assets over liabilities of these balance sheets equals the capital charge for that risk module. These capital charges sum up to the SCR, after diversification is taken into account. The SCR is the 1-year value at risk of eligible own funds ("**EOF**") at a confidence level of 99.5%. The Solvency II ratio is calculated by dividing the EOF by the SCR. Under the Solvency II framework, insurers are required to hold eligible own funds equal to or in excess of the SCR.

The Solvency II framework allows insurers to take into account the LAC DT as a deduction from the SCR. The underlying shocks within the SCR that are expressed in the capital charges can be absorbed by a current deferred tax liability, taxable profits of the previous year, taxable profits of the current year and the potential for future taxable profits in a post-shock environment. The Group currently uses what it considers to be a conservative approach and only takes 50% of the potential offsetting effects of qualifying taxes into account. This means that 50% of the reducing impact of corporate tax is taken into account in the calculation of the SCR. The impact on the Solvency II ratio is further described below under "—Level and Movement of Solvency II ratio".

Level and Movement of Solvency II Ratio

The internal minimum Solvency II ratio for the Group as formulated in the risk appetite statement is 120%. The management target for the Solvency II ratio is 160%. The Solvency II ratio at 31 December 2015 was, with a mid-point estimate of 185%, comfortably above the internal minimum requirement of 120%, the dividend level of 140% and the management target of 160%. For more information on the dividend level, see "Dividend Policy".

Although the Group does not disclose quarterly Solvency II ratios, it estimates that the Solvency II ratio as at 31 March 2016 will be within the same bandwidth as the Solvency II ratio as at 31 December 2015, with a mid-point estimate of 185%.

The Solvency II ratio (mid-point estimate) is calculated by the ratio of available capital to required capital measured by using the standard formula under the Solvency II regulatory framework. Due to inherent uncertainties, the presented Solvency II ratio could vary by a bandwidth of −10 percentage points and +10 percentage points relative to the mid-point estimate.

Solvency II requires insurers to categorise own funds into the following three tiers to calculate the Solvency II ratio:

- Tier I capital consists of ordinary share capital and foreseeable dividend (i.e., the dividend the Group intends to pay in respect of the relevant period) and reconciliation reserve. The reconciliation reserve equals the excess of assets over liabilities *minus* ordinary share capital, foreseeable dividends and other basic own fund items.

- Tier II capital consists of ancillary own funds and basic Tier II capital. Ancillary own funds consist of items other than basic own funds which can be called up, e.g. in the case of a trigger event based on a certain solvency ratio. In order to category capital as ancillary own fund, the prior approval of DNB is required. The Group currently has no ancillary own fund items.

- Tier III consists of deferred tax assets. The Group currently has no Tier III capital.

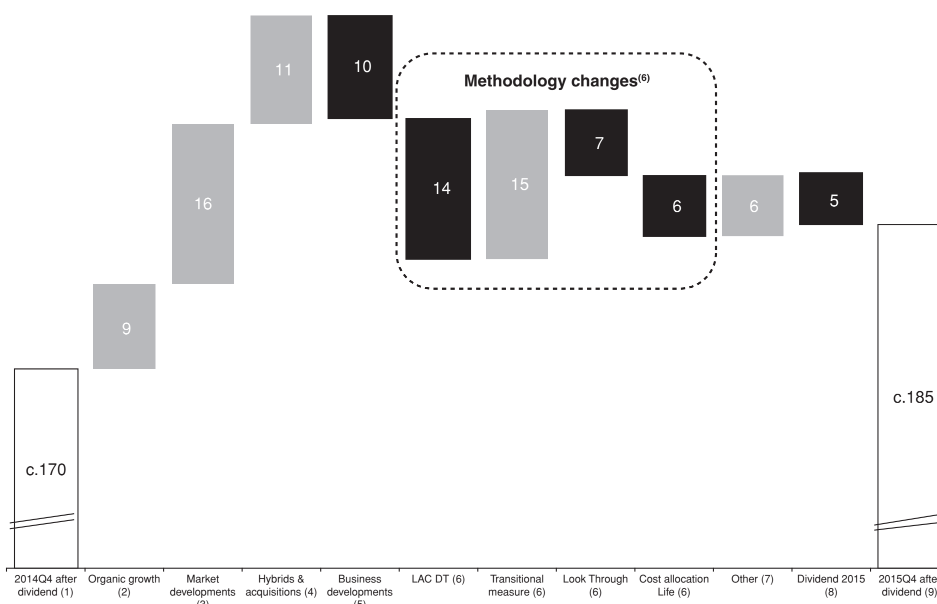
The rules impose limits on the amount of each tier that qualifies as EOF and can be held to cover capital requirements. The table below sets forth the capital position of the Group as at the dates indicated.

	As at 31 December	
	2015	2014
	(in millions of euros) (unaudited)	
Eligible own funds (EOF)		
Unrestricted Tier I capital	5,095	4,646
Foreseeable dividend	-/-170	-/-139
Perpetual hybrid Tier I loan	204	204
Perpetual hybrid Tier II loan	498	497
Dated hybrid Tier II loans	502	0
Tier III capital, e.g. deferred tax asset	0	0
Tiering restrictions	0	0
Eligible own funds	**6,129**	**5,208**
Available headroom restricted Tier I capital	1,027	923
Available headroom Tier II capital	656	1,040

DNB has approved the categorisation of the Group's perpetual hybrid loans as capital for purposes of calculating the EOF. In September 2015, the Group increased the EOF by €502 million through the issuance of a hybrid Tier II instrument. The €502 million represents the fair value of the hybrid instrument. Considerable headroom for the issuance of Tier I or Tier II capital remained as at 31 December 2015 equal to €1,027 million and €656 million, respectively. Of the available capital, as at 31 December 2015, €204 million was grandfathered as Tier I under Solvency II whereas the remainder of the available capital was fully eligible as capital under Solvency II.

As noted in the chart below, due to methodology changes implemented in 2015, the 2014 Solvency II ratio is not calculated on the same basis as the 2015 Solvency II ratio. The chart below sets out the key developments between the Solvency II ratio as estimated at 31 December 2014 and the Solvency II ratio as determined at 31 December 2015 (based on the mid-point estimate).

Movement of Solvency 2014 (estimate)—2015 (mid-point estimate)*



* Data in the chart and footnotes below is based on management estimates. Due to methodology changes implemented in 2015, the 2014 Solvency II ratio is not calculated on the same basis as the 2015 Solvency II ratio.

(1) 2014 Dividend: a decrease of EOF of €139 million is due to dividend paid to NLFI in the fourth quarter of 2014 (impact on Solvency II ratio: −5 percentage points).

(2) Organic Growth: increase of EOF of €264 million caused by normalised returns on assets (based on the regulatory curve and a limited level of excess returns due to risk premiums for credits, mortgages, equities and real estate) minus the unwinding of in-force business plus added value of new businesses (impact on Solvency II ratio: +9 percentage points).

(3) Market Developments: realised return on investments above expected returns on assets plus impact of the update of the regulatory discount curve. The total effect is equal to €494 million (impact on Solvency II ratio: +16 percentage points) which can be evenly attributed to these two causes.

(4) Hybrids and Acquisitions: an increase in EOF of €502 million as a result of the issuance of a hybrid dated Tier II loan (impact on Solvency II ratio: +16 percentage points), and of €162 million due to the revaluation of the acquisitions of Axent and De Eendragt (impact on Solvency II ratio: +6 percentage points), were partially mitigated by an increase of SCR requirement of €196 million due to the increased insurance risk resulting from these acquisitions (impact on Solvency II ratio: −11 percentage points). The combined impact on Solvency II ratio amounts to +11 percentage points.

(5) Business Developments: EOF declined by €314 million mainly due to changes in mortality, lapse and profit sharing assumptions and experience variance (impact on Solvency II ratio: −10 percentage points).

(6) Changes in methodology to calculate Solvency II ratio based on the Delegated Regulations and the interpretation of new guidelines from DNB: (i) reduction of the LAC DT factor from 75% to 50% resulted in an increase of SCR equal to €227 million (impact on Solvency II ratio: −14 percentage points); (ii) application of a downward shock of 22% (transitional measure applicable to equities that are in the investment portfolio as of 31 December 2015), instead of downward shock of 39% or 49% plus symmetric adjustment, led to a decrease of the SCR by €298 million (impact on Solvency II ratio: +15 percentage points); (iii) application of the look through investment funds requirement (which, in case of investments in funds, requires to look through the fund at the underlying products or investments held by the investment fund, which could lead to additional exposures in spread or equity risks and when funds are exposed to foreign currency investments, even if hedged, these foreign currency investments are subject to additional capital charges) resulted in a €114 million increase of the SCR (impact on Solvency II ratio: −7 percentage points, which can be split into an impact on currency risk (−2 percentage points), spread risk (−2 percentage points) and equity risk (−3 percentage points)); and (iv) increased cost assumptions relating to the Life segment led to a €158 million decrease of the EOF (impact on Solvency II ratio: −6 percentage points).

(7) Other factors: other factors, including as a result of changes in the market valuation of the IAS 19 employee benefits obligations (impact on Solvency II ratio: +7 percentage points), changes in the SCR resulting from movements of market risk (impact on Solvency II ratio: −3 percentage points), counterparty risk (impact on Solvency II ratio: −9 percentage points), life insurance risk (rose in 2015, mainly due to the acquisitions of Axent and De Eendragt) (impact on Solvency II ratio: +1 percentage points, without taking into account these acquisitions), health risk (impact on Solvency II ratio: +3 percentage points), non-life risk (impact on the Solvency II ratio is not material), diversification between the SCR modules changed as a result of these movements above (impact on Solvency II ratio: +5 percentage points) changes to the impact of the LAC DT parameter changed (impact on Solvency II ratio: +2 percentage points).

(8) 2015 foreseeable dividend: €170 million to be paid to NLFI (impact on Solvency II ratio: −5 percentage points).

Autonomous capital generation represents the change from one period to another in the Group's regulatory capital primarily as a result of the following elements as calculated under Solvency II based on a number of assumptions:

- Expected return on assets
- New business strain
- Release of required capital and risk margin
- Changes in non-economic assumptions due to business performance
- Variance experience of the in-force business
- Impact of movement in the regulatory discount curve

In the movement analysis of the Solvency II ratio from 2014 to 2015, the first three elements of autonomous capital generation are accounted for in organic growth. The impact of changes in non-economic assumptions and variance experience is reflected in the movement analysis under Business developments. The changes in non-economic assumptions were the main driver of Business developments in 2015. The variance of the in-force business is the deviation of the realised experience from the assumptions. The impact of the movement in the regulatory discount curve is included in the Market developments in the movement analysis above.

Autonomous capital generation can be distinguished from in-organic capital generation which represents the change from one period to another in the Group's regulatory capital as a result of the following elements as calculated under Solvency II based on a number of assumptions:

- Economic variance
- Capital management

- Incidentals

The economic variance is the difference between the realised return on assets and the expected return. This is included in the movement analysis of the Solvency II ratio from 2014 to 2015. Capital management is accounted for under Hybrids and acquisitions in this movement analysis. In 2015, the Group issued hybrid Tier II securities that led to an increase in EOF of €502 million (impact on Solvency II ratio: +16 percentage points). The incidentals include model changes that may be introduced, such as the introduction of transitional measures which would be reflected in Other.

Autonomous capital generation and inorganic capital calculation are unaudited and are not measures of financial performance under IFRS. Autonomous capital generation and inorganic capital generation cannot be viewed as a replacement or basis for establishing the Group's IFRS net profit for the current financial period or subsequent financial periods.

Management believes that in normal circumstances 75%–85% of the operating result (after tax) of its Life segment will lead to autonomous capital generation. For the Group's Non-life and Other segment management believes that in normal circumstances 95%–105% of the operating result (after tax) will lead to autonomous capital generation. This conversion ratio is determined by comparing Operating result with capital generation as a result of organic growth including a normalised level of market developments. For the Life segment the major difference between Operating result and autonomous capital generation relates to IFRS non-cash generating items, such as the release of provisions with regard to realised capital gains and IFRS technical result items. This is partly compensated by release of capital and risk margin due to the run-off of in force business. For the Non-life and Other segments there is a limited difference between Operating result and autonomous capital generation.

The actual autonomous capital generation may differ from management's expectations, perhaps materially. The Group's ability to realise the conversion ratios set out in the immediately preceding paragraph depends on the accuracy of various assumptions involving factors that are, in part, significantly or entirely beyond the Group's control and are subject to known and unknown risks, uncertainties and other factors that may result in the Group being unable to meet these expectations. See "Risk Factors". If one or more of the Group's assumptions are inaccurate or if any of the risks as included in "Risk Factors" should actually occur, the Group may be unable to meet the abovementioned conversion ratios.

Level and Movement of Solvency Capital Requirement

The table below sets out the components of the Group's SCR by risk category as at 31 December 2015 and 2014.

	As of 31 December	
	2015	**2014**
	(in millions of euros) (unaudited)	
Market risk	**2,328**	**2,469**
Interest	324	247
Equity	567	762
Real Estate	737	765
Credit Spread	980	1,066
Concentration	0	5
Currency	344	119
Volatility Adjustment	0	0
Diversification Market risk	(624)	(495)
Counterparty Default	**511**	**363**
Life insurance risk	**1,484**	**1,312**
Mortality	246	202
Longevity	804	754
Disability	13	14
Lapse	527	602
Costs	621	373
Revision	0	0
Catastrophe	73	75
Diversification Life insurance risk	(800)	(709)

	As of 31 December	
	2015	2014
	(in millions of euros) (unaudited)	
Disability and health insurance risk	**587**	**636**
Health risk similar to life techniques	453	493
Mortality risk	0	0
Longevity risk	17	20
Disability risk	348	356
Lapse risk	187	198
Expense risk	66	87
Revision risk	54	95
Diversification Health risk SLT	(219)	(262)
Health risk not similar to life techniques	192	214
Catastrophe health risk	43	28
Diversification health risk	(101)	(99)
P&C insurance risk	**342**	**349**
Premium and reserve risk P&C	295	309
Catastrophe P&C	116	101
Diversification P&C	(68)	(62)
Operational	**176**	**168**
Diversification	**(1,662)**	**(1,571)**
LAC DT	**(453)**	**(653)**
Total Required Capital (SCR)	**3,313**	**3,073**

Following is a description of changes in the SCR between 31 December 2015 and 2014.

- *Market risk*: market risk decreased by €141 million in 2015 primarily as a result of changes to equity, property and spread risks (accounting for 77% of the change). The capital charge for equity risk declined by €195 million, mainly due to lower equity charges (from 39% and 49% to 22%), resulting from the application of transitional measures pursuant to the Delegated Acts, which led to a decrease in the equity risk charge equal to €423 million (before diversification and tax, total net impact estimated at 15%), partly offset by an increase in equities exposure that led to a rise in equity risk equal to €178 million. Property risk decreased by €28 million due to reduction of investments in residential and retail fund. Spread risk decreased by €86 million, mainly caused by the reclassification risks related to savings-linked mortgage loans as counter party risk. Interest rate risk increased by €76 million. As a result of applying look through requirement for investment funds (which requires to look through the fund at the underlying products or investments held by the investment fund), foreign currencies exposure increased. This led to a rise in currency risk in 2015 equal to €225 million.

- *Counterparty risk*: counterparty risk increased by €149 million in 2015 (taking into account diversification) due to an increase of €101 million of type 2 risk (as defined in the Delegated Regulations, mainly mortgage counterparty risk), and an increase of type 1 risk (as defined in the Delegated Regulations) of €58 million and the increase in the diversification impact of €10 million.

- *Life underwriting risk*: life underwriting risk increased by €172 million in 2015. This increase was mainly caused by the acquisitions of Axent and De Eendragt. The main components of Life underwriting risk are expense risk, lapse risk and longevity risk. Expense risk increased by €248 million from €373 million at 31 December 2014 to €621 million at 31 December 2015 as a result of the strengthening of the cost assumptions for the life insurance business. The lapse risk declined by €75 million from €602 million at 31 December 2014 to €527 million at 31 December 2015 due to the aforementioned strengthening of the cost assumptions for the life insurance business. Longevity risk increased by €50 million from €754 million at 31 December 2014 to €804 million at 31 December 2015. The increase was mainly caused by the acquisition of De Eendragt. This acquisition led to a rise of longevity risk by €77 million. An increase of the yield curve and the aging of the immediate annuities in force business caused a €27 million decrease of the longevity risk. The other risks, mortality, disability and catastrophe, contributed €332 million in 2015, as measured before diversification. The diversification effect for insurance risk resulting from the uncorrelation of certain risks in the Life segment (e.g. longevity risk and mortality risk) at 31 December 2015 was €800 million.

- *Health underwriting risk*: total health underwriting risk decreased by €49 million in 2015. The decrease was mainly due to a decrease in Health similar to life techniques ("**SLT**") of €40 million as a result of a rise in the yield curve and the transition to a new model. The remaining €9 million decrease in total health underwriting risk change is the result of a decrease in the non-SLT component of Health (€22 million) and an increase in the diversification effect for Health (€2 million). This was partially offset by an increase of catastrophe risk equal to €15 million. The total diversification effect for Health underwriting risk at 31 December 2015 was €101 million.
- *Non-life underwriting risk*: non-life underwriting risk decreased by €7 million in 2015, mainly due to a lower premium and reserve risk which decreased by €14 million to €295 million at 31 December 2015 (31 December 2014: €309 million) as a result of a new reinsurance contract with higher coverage limits. Catastrophe risk increased by €15 million to €116 million at 31 December 2015, as among other factors, business interruptions were into account in contrast to 31 December 2014.
- *Loss Absorbing Capacity of Deferred Taxes (LAC DT)*: LAC DT factor decreased from 75% at 31 December 2014 to 50% at 31 December 2015. This led to an increase in the SCR by €200 million in 2015.

Reconciliation of IFRS Equity to Solvency II Equity

Solvency II equity reflects the IFRS balance sheet items where these are at fair value with revaluations for other balance sheet items (not measured at fair value in the IFRS balance sheet) based on their market value. In order to determine the market value of the assets and liabilities on the Group's balance sheet for purposes of the Solvency II analysis, the assets and liabilities are valued based on the fair value determination, in accordance with the Solvency II Delegated Acts. Where possible, the Group determines the fair values 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 other valuation techniques such as mark-to-market models. 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 event that the fair value of a financial instrument cannot be measured based on these techniques, it is carried at cost.

The IFRS accounting framework also includes the application of a supplementary Liability Adequacy Test ("**LAT**"). If the legal entity outcome of the LAT is negative, the technical provisions are increased to pass the LAT. As a consequence, a negative adjustment to IFRS equity is made. The largest components of this IFRS LAT are corrections for prevailing interest rates, best estimate assumptions and a risk margin. Solvency II applies from 1 January 2016 and onwards in combination with the IFRS LAT.

The table below shows the adjustments made to the IFRS equity in order to calculate the Solvency II equity and eligible own funds (EOF) for the dates indicated.

	As at 31 December	
	2015	2014
	(in millions of euros) (unaudited)	
IFRS equity	**4,259**	**3,709**
Property	—	—
Savings linked mortgage loans	1,560	1,843
Mortgages & loans	678	576
Intangible assets	(330)	(139)
Reinsurance assets	(4)	11
Technical provision Life	713	217
Technical provision UL	(986)	(810)
Technical provision Non-life	582	576
Deferred tax	(604)	(682)
Employee benefits	—	(110)
Other	56	228
Solvency II equity	**5,922**	**5,420**
Available capital of the Bank	(125)	(73)
Foreseeable dividend	(170)	(139)
Dated hybrid Tier II loans[1]	502	—
Eligible own funds (EOF)	**6,129**	**5,208**

(1) Since the Dated hybrid Tier II loans have a fixed repayment date they are, contrary to other hybrid instruments, not part of Solvency II and IFRS equity. The Dated hybrid Tier II loans are, as a result, added back to arrive at the Eligible Own Funds (Tier II capital). The €502 million represents the fair value of the hybrid instrument.

For more information, see also "—Level and Movement of Solvency II Ratio" and "Risk Factors—Regulatory/Legal and Compliance Risks—49. Changes in accounting standards or policies could have a material adverse effect on the Company's reported results and shareholders' equity" for an explanation of the differences in valuation methods between IFRS and Solvency II.

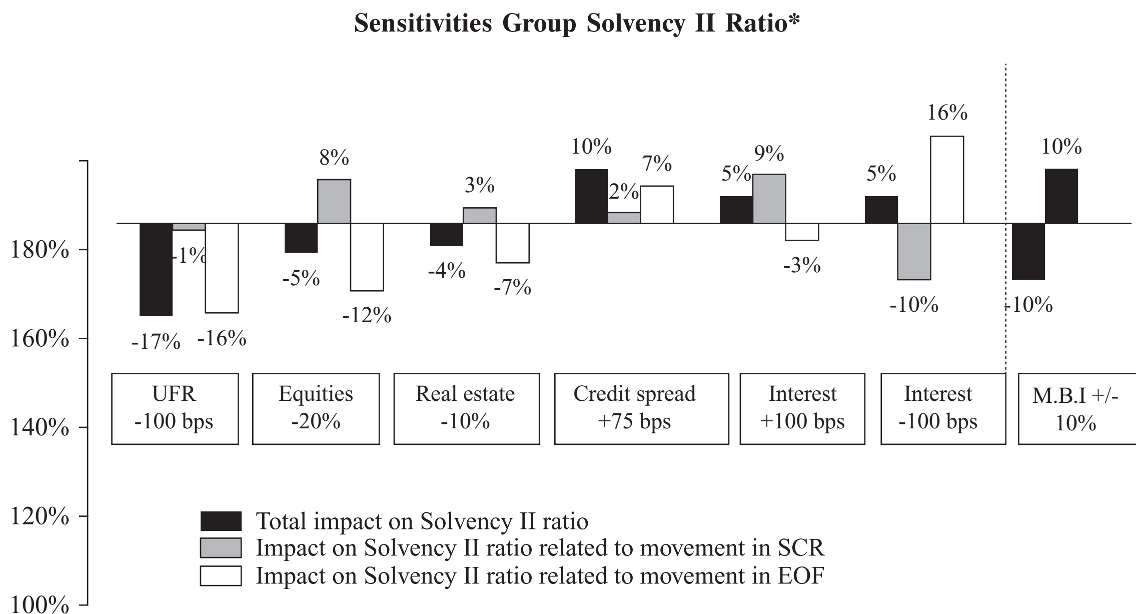
Solvency II Ratio Sensitivities

Sensitivities of Solvency II capital are important risks monitored by management and can be different from economic sensitivities. The following table sets out the illustrative impact of changes to parameters used to calculate the sensitivities.

Risk	Scenario
Interest rate risk—UFR	Measured by the impact of a lower UFR. The UFR decreases from 4.2% to 3.2%. For the valuation of the liabilities in this scenario the method of extrapolation to the UFR of 3.2% is not changed
Equity risk	Measured by the impact of a 20% downward movement in equity prices
Property risk	Measured by the impact of a 10% downward movement in the market value of real estate
Spread risk (including impact of spread movement on VA) . . .	Measured by the impact of an increase of spread on loans and corporate bonds of 75 basis points and assuming that the VA will increase by 21 basis points
Interest rate risk	Measured by the impact of a parallel 1% upward and downward movement of interest rates. An UFR is applied to the valuation of the liabilities. This means that the forward interest rates of maturities of 21 years or more are extrapolated by taking a weighted average of the forward rates in the market and the UFR. For this sensitivity, the extrapolation to the UFR of 4.2% will not change
Model bandwidth interpretation .	Refers to the development of the interpretation of the Delegated Acts. Depending on the developments of further guidelines with respect to contingent liabilities, the calculation of the risk margin and LAC DT, the Solvency II ratio could range between −10 percentage points to +10 percentage points relative to the mid-point estimate.

The figure below shows estimated sensitivities of the Solvency II ratio (based on the mid-point estimate) as at 31 December 2015 expressed as impact on Solvency II ratio. Total impact on the Solvency II ratio consists of the elements 'Impact required capital' and 'Impact EOF' (which represents the Impact on Eligible Own Funds).

Sensitivities Group Solvency II Ratio*



* Data as at 31 December 2015, based on management estimates.

In the calculation of the interest-rate sensitivity of the Solvency II ratio including UFR, the UFR is kept constant. The shock on the discounting curve for liabilities is mitigated for maturities longer than 20 years through application of the UFR. As a result, assets are more sensitive than liabilities including UFR. This explains why a downward shock in interest rates has a positive effect on the available capital and vice versa. Additionally an interest rate shock impacts the calculation of required capital. If the interest rate rises the required capital decreases, whereas the require capital increases if the interest rates decline.

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

In the scenarios in which equities or property would decline, the Solvency II ratio would be lowered as a result of the decline of the Solvency II equity. This impact is mitigated due to a decrease in required capital.

A rise in spread would lead to an increase in the Solvency II ratio, primarily because in this scenario the VA will is also expected to increase by 21 basis points. A rise in VA leads to a decrease in liabilities and insurance risks. As a result the available capital rises and required capital decreases.

Depending on the developments of further guidelines with respect to contingent liabilities, the calculation of the risk margin and LAC DT, the Solvency II ratio could range between −10 percentage points to +10 percentage points relative to the mid-point estimate. In 2016 additional liabilities may be incurred by the Group depending on the outcome of an uncertain future event such as a court case with respect to individual unit-linked life insurance products (*beleggingsverzekeringen*). This is an industry wide issue for life insurers in the Netherlands. Furthermore, if future guidance will no longer allow the inclusion of the VA in the calculation of the risk margin, it is expected that the risk margin for the Group would increase by €33 million and the Solvency II ratio would decrease by 1 percentage point.

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

The sensitivities set out above, which are the sensitivities as at 31 December 2015, are as such not necessarily representative for the sensitivities as at 31 March 2016 due to changes in market conditions and/or risk management activities undertaken by the Group. Although the Group does not disclose a quarterly Solvency II ratio, nor the sensitivities, the Group believes that the sensitivities on equities, real estate and credit spread as at 31 March 2016 are highly similar to those sensitivities as at 31 December 2015. However, the Group believes the sensitivities for a downward movement of the interest rate of 100 basis points and a downward movement of the UFR of 100 basis points have increased as interest rate levels have further decreased. The Group believes the most notable change has occurred in the sensitivity for an upward interest rate movement of 100 basis points. The sensitivity for this upward movement changed from a positive impact of 5 percentage points on the Solvency II ratio as at 31 December 2015 to a negative impact on the Solvency II ratio as at 31 March 2016, because in the first quarter of 2016 the duration of the assets has increased more than the duration of the liabilities (due to decreasing interest rates) and because of hedging actions taken by the Group to mitigate the risks of lowering interest rates.

Solvency II Ratio for Individual Legal Entities belonging to the Group

Capital management is directed on a group level. Capital generated by operating units and future capital releases in excess of the capital that is needed to sustain commercial capital levels at management's targets will be allocated to profitable growth of new business or distributed to shareholders. The Group actively manages its in-force business which is expected to result in substantial free capital generation over time. The individual legal entities belonging to the Group are capitalised separately, and excess capital over management's targets is intended to be up-streamed to the holding company to the extent local regulations allow and within the internal risk appetite statement.

Each of the Group legal entities is required to comply with the applicable statutory requirements. The table below sets forth the Solvency II ratio for the different insurance entities as 31 December 2015.

	Solvency II Own Funds	Mid-point Solvency II Ratio[1]	Group Target[2]
	(in millions of euros) (unaudited)	(in %) (unaudited)	
ASR Nederland N.V.	6,129	185%	140%
ASR Levensverzekering N.V.	4,285	178%	140%
ASR Schadeverzekering N.V.	642	172%	130%
Amersfoortse Algemene Verzekering Maatschappij	636	158%	130%
ASR Basis Ziektekostenverzekeringen N.V.	127	151%	130%
ASR Aanvullende Ziektekostenverzekeringen N.V.	55	445%	130%
Europeesche Verzekering Maatschappij N.V.	87	142%	130%

(1) Mid-point estimates are preliminary. The presented Solvency II ratio is a best estimate. Due to inherent uncertainties the presented Solvency II ratio at Group level could vary by a bandwidth of −10 percentage points and +10 percentage points relative to the mid-point estimate. The Group has chosen to pursue what it considers to be a prudent approach for inclusion of LAC DT as a deduction of required capital, with very limited reliance on component 4 (as per regulatory guidance). In 2015 this led to a markdown of LAC DT from 75% to 50% LAC DT factor for the Group. For individual legal entities, the LAC DT component may differ. Although the Group does not disclose quarterly Solvency II ratios it estimates that the Solvency II ratio at Group level as at 31 March 2016 will be within the same bandwidth as the Solvency II ratio as at 31 December 2015. At the level of the individual legal entities it is estimated that the Solvency II ratio will be within the same bandwidth as the respective Solvency II ratios as at 31 December 2015, with the exception of the Solvency II ratio of De Amersfoortse Algemene Verzekering Maatschappij where the Solvency II ratio is expected to be below the bandwidth as at 31 December 2015, but safely above the Group target for this entity.

(2) Minimum target Solvency II ratio under internal policy.

Economic Capital (ECAP)

In addition to Solvency II, the Group internally uses ECAP to measure a number of risks. The Group determines ECAP as the amount of additional assets it must hold above the market value of its liabilities in order to withstand adverse movements in one year, based on a 99.5% level of confidence. A 99.5% level of confidence means that the Group would be able to fulfil its obligations to its policyholders without requiring additional capital in 199 out of 200 annual scenarios.

The ECAP calculation reflects the Group's internal view of certain specific risks. The Group believes that this makes the ECAP methodology a better fit than Solvency II for a number of specific risks that the Group is exposed to, as ECAP provides a more complete understanding of the actual risks in portfolio and of the economic capital that is required to mitigate them. For example, under ECAP, the Group measures property risk by reference to Dutch property market returns whereas under the Solvency II analysis the Group measures property risk by reference to the British property market, and while under both ECAP and Solvency II for equity return and volatility are adjusted by category, among other differences, under Solvency II there are only two categories (OECD equities listed in regulated markets and other equities) while under ECAP there are 11 categories. The proprietary ECAP methodology has been reviewed extensively internally and is a standard element of the Group's risk management framework. The Group's risk committee formulates the capital management policy, and the Group's treasury & capital management team is responsible for implementing the capital management policy. This is intended to enhance the independent position and the segregation of duties, and is in line with the Group's governance structure. Treasury & Capital Management reports on capital management issues on a regular basis to the risk committee.

Although ECAP is the Group's internal measurement of the amount of capital required for the risks that the Group is exposed to through its balance sheet, its business and its daily operations, the Group has opted to report its required solvency using the Solvency II standard formula.

Non-Life Insurance Claim Reserves

Results for the Group's non-life insurance business are significantly influenced by estimates of general insurance claims and claims expense provisions. The Group is required by applicable insurance laws and regulations to establish provisions for payment of losses and loss adjustment expenses that arise from its

insurance products. The Group's provisions are an estimate of future amounts necessary to settle all outstanding claims and claims incurred but not reported ("**IBNR**"), including legal and other expenses, as of the relevant date. Such estimates are made on the basis of the facts available at the time the reserve is established and using generally accepted actuarial methodologies. The calculation of reserves is subject to assumptions reflecting, among other things, economic factors such as inflation rates, as well as legal and regulatory developments, which can change over time. The Group periodically reviews and updates the methods and assumptions used to determine such estimates and establish the resulting reserves. It records any such reserve adjustments in current income. See "The Group's Consolidated Financial Statements as of and for the Year Ended 31 December 2015—Risk Management" for a further description of the Group's reserving policies and the potential variability in the Group's reserve estimates and because of emergence of new information on existing claims.

The facts and circumstances leading to the Group's re-estimates of provisions relate to the ultimate levels of claims and the development factors used to predict how losses and claims payments are likely to develop from the end of a reporting period (accident year) until all claims have been paid. Re-estimates occur because actual losses are likely to be different from those predicted in prior reserve estimates.

For illustrative purposes, as at 31 December 2015, the impact of a reserve re-estimation corresponding to a 1% increase or decrease in the claims reserves would be a decrease or increase of approximately €36 million in result before tax.

Claim Reserves

No adjustments were made to the accounting policy of the Group during 2013, 2014 and 2015 in reserving for losses.

In 2013, there was an adverse development with regard to the WGA-ER product. WGA-ER is a product that provides insurance to employers for the risk that an employer has on employee disability payments. In line with Dutch market developments, the scale of partially fit and new claims was also higher than expected for the Group. In 2013, this resulted in an additional WGA-ER charge of €111 million after tax due to an increase in the number of prior-year incapacity claims and an overrepresentation of the partially fit in the WGA population. In addition to losses from additional claims, this also resulted in higher expected future claims. In total, the pre-tax one-off impact was €148 million in 2013. No additional provisioning was required in 2014 and 2015, as the development of claims was stable. In all periods, the change was driven by new information on the claims and not by a change in methodology. As part of the drive to reduce partial as well as non-permanent full occupational disability claims (WGA-ER), substantial efforts were made in 2014 to improve the collaboration with the Social Security Benefits Administration Agency ("**UWV**"), particularly where information exchange was concerned.

The following represents a description of the most significant reserving assumptions.

Liabilities Arising from Non-Life Insurance Contracts

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

The estimates are based on individual assessments of the reported claims, past experiences and estimates of trends in claims behaviour, social factors, economic factors and relevant court decisions. In the process of determining liabilities, allowance is made for amounts recoverable from third parties and expected subrogation reimbursements. Loss obligations in respect of Disability are discounted. The recognised provisions are sufficient to cover the cost of claims and claims handling fees. The Group discounts obligations for losses only for claims with determinable and fixed payment terms. Additional provisions are generally recognised for realised gains or losses on financial assets allocated to insurance contracts if and to the extent that the current interest rate is lower than the interest rate that was used in the pricing principles at inception of the insurance contract.

The provision for current risks is based on the estimate of future claims taking into account future premiums. The provision for unearned premiums is equal to gross unearned premium income. The provision is determined on a time proportional basis.

No material changes occurred in 2013, 2014 or 2015 in the mix of business including but not limited to location of business, geographic mix, and types of risks assumed. No material changes occurred in payment patterns due to portfolio loss transfers. No material structured settlements occurred in 2013, 2014 or 2015.

All of the Group's Non-life policies are quoted in euro and issued in the Netherlands. The effect of currency fluctuations in respect of non-life insurance contracts issued is therefore nil.

Provisions for Claims

The table below illustrates the development over each accident year of estimated cumulative claims provisions for the Group's Non-life segment. The estimates for each accident year increase or decrease as losses are paid and as more information becomes available about the frequency and severity of unpaid claims with respect to that accident year.

	Gross			Of Which Reinsurance Contracts		
	As at 31 December			As at 31 December		
	2015	2014	2013	2015	2014	2013
	(in millions of euros)					
At 1 January	4,152	3,826	3,710	409	402	407
Benefits paid	(1,714)	(1,659)	(1,705)	(82)	(85)	(101)
Claims and claim adjustment expenses attributable to insured events of the current year	(760)	(715)	(749)	(22)	(28)	(31)
Claims and claim adjustment expenses attributable to insured events of prior years	(954)	(944)	(956)	(60)	(57)	(70)
Changes in provisions for claims	1,745	1,750	1,923	79	92	96
Provision for insured events of the current year	1,776	1,763	1,969	66	79	93
Increases (decrease) in provision for insured events of prior years	(31)	(13)	(46)	13	13	3
Changes in shadow accounting provisions	(73)	235	(102)	—	—	—
Provisions for claims (including IBNR) at 31 December	**4,110**	**4,152**	**3,826**	**406**	**409**	**402**

Movements in Cumulative Benefits

The tables below present a ten-year summary of movements in cumulative benefits in connection with the non-life portfolio as of the dates indicated.

	As of 31 December 2015										
	Claims year										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
	(in millions of euros)										
At year-end:											
1st claims year	1,201	1,369	1,575	1,719	1,706	1,762	1,969	1,845	1,770	1,776	
2007	1,167	—	—	—	—	—	—	—	—	—	
2008	1,076	1,264	—	—	—	—	—	—	—	—	
2009	1,067	1,231	1,473	—	—	—	—	—	—	—	
2010	1,079	1,200	1,441	1,669	—	—	—	—	—	—	
2011	1,087	1,206	1,422	1,634	1,778	—	—	—	—	—	
2012	1,085	1,216	1,424	1,658	1,684	1,668	—	—	—	—	
2013	1,096	1,231	1,447	1,680	1,715	1,636	1,881	—	—	—	
2014	1,124	1,265	1,480	1,708	1,728	1,650	1,856	1,784	—	—	
2015	1,097	1,266	1,480	1,710	1,735	1,653	1,850	1,777	1,695	—	
Gross claims at 31 December 2015	**1,097**	**1,266**	**1,480**	**1,710**	**1,735**	**1,653**	**1,850**	**1,777**	**1,695**	**1,776**	
Cumulative gross paid claims	1,036	1,153	1,316	1,479	1,461	1,366	1,502	1,354	1,210	760	
Gross outstanding claims liabilities (including IBNR)	**61**	**113**	**164**	**231**	**274**	**287**	**347**	**423**	**485**	**1,017**	**3,401**
Claim liabilities prior years											417
Other claim liabilities											39
Shadow accounting											253
Total claims liabilities											**4,110**

The Group is not aware of unusual circumstances which would significantly distort the data included in the above claim run-off tables.

For non-life contracts other than Disability, inflation is implicitly taken into account in setting the IBNR provisions based on historical claims information including the impact of inflation. For Disability policies, the annuities that are subject to inflation are reserved based on explicit inflation assumptions derived from historical levels. The Group relies on the annual liability adequacy test, as prescribed under IFRS, to ensure that the liability is adequately including the inflation estimates. Furthermore, claim developments are closely monitored to ensure that claims are not under reserved for. Lastly, the book value of the Group's non-life claims reserves exceed the requirements of the Dutch Financial Supervision Act with an amount of €319 million in 2015 (2014: €364 million; 2013: €125 million).

No differences exist between IFRS non-life reserves for claims and claim adjustment expenses and statutory non-life reserves for claims and claim adjustment expenses. Amounts reflected in the IFRS financial statements and the amounts reported to DNB for regulatory reporting purposes are therefore equal.

	As at 31 December					
	2015		2014[(1)]		2013[(1)]	
	(in millions of euros) (unaudited)					
	IFRS	Solvency I	IFRS	Solvency I	IFRS	Solvency I
Non-life reserves	4,513	4,513	4,571	4,571[(1)]	4,257	4,257[(1)]

(1) The amount of retained statutory non-life reserves (2015: €4,513 million; 2014: €4,571 million; 2013: €4,257 million) exceeded the required statutory non-life reserves by €319 million in 2015; €364 million in 2014 and €125 million in 2013. The difference is mainly explained by differences in the manner in which the adjustment for risk is calculated (for P&C and Disability claims); differences in discounting (for Disability claims); and the effect of applying shadow accounting (for Disability claims).

For the Non-life business, only provisions for the Disability SLT product line are explicitly discounted. The effect on pre-tax income of the unwind of the discount rate was €62 million in 2015 (2014: €62 million; 2013: €58 million). The estimated effect of discounting the non-life Disability product line was €92 million in 2015 (2014: €31 million; 2013: €292 million).

Life Insurance Margin

The life insurance margin is the profit margin on the underwriting of life insurance contracts (including investment income for own account), expressed as a percentage of total insurance liabilities (excluding unit-linked insurance contracts). In 2015, 7% of the unit-linked insurance portfolio lapsed, expressed as a percentage of the IFRS technical provision (2014: 6%; 2013: 8%). Operating expenses are not included in the calculation of the life insurance margin.

Management believes that developments of the life insurance margin contribute to the understanding of the profitability and interpretation of components of profit drivers of the Life segment. This is because in the calculation of the life insurance margin certain items of a non-recurring nature are eliminated.

The life insurance margin is a non-IFRS financial measure and should not be considered as a replacement for any IFRS financial measure. Moreover, this measure, as defined by the Group, may not be comparable to other similarly titled measures used by other companies, because other companies may calculate them in a different manner than the Group which limits their usefulness as comparative measures. For more

information, see "Important Information—Presentation of Financial and Other Information—Non-IFRS Information and Other Statistics".

	For the year ended 31 December		
	2015	**2014[(1)]**	**2013[(1)]**
	(in millions of euros) (unaudited, unless indicated otherwise)		
Income Statement			
Net insurance premiums [A][(2)]	**1,616**	**1,533**	**1,653**
Net insurance claims and benefits	**(3,726)**	**(3,604)**	**(3,358)**
Min. Investment income on behalf of policyholders[(2)(3)]	559	841	767
Net insurance claims and benefits for own account	**(3,167)**	**(2,763)**	**(2,591)**
Min. Realised gains and losses (non-regular)[(4)]	643	361	294
Min. Fair value gains and losses (non-regular)[(4)]	896	562	328
Min. Fair value gains and losses for own account[(4)]	(271)	(117)	(20)
Net insurance claims and benefits for own account, excl. indirect investment income included in measurement of insurance liabilities	**(1,899)**	**(1,957)**	**(1,989)**
Min: Incidental business[(5)]	(12)	64	—
Regular net insurance claims and benefits [B]	**(1,911)**	**(1,893)**	**(1,989)**
Regular investment income [C]	**979**	**1,008**	**1,027**
of which investment income[(2)]	1,145	1,207	1,267
of which interest expenses[(2)]	(166)	(199)	(240)
Life insurance margin [D =A − B + C][(6)]	**684**	**648**	**691**

	2015	**2014[(1)]**	**2013[(1)]**
	(in billions of euros) (unaudited)		
Balance Sheet—Insurance liabilities (excluding unit-linked insurance contracts)			
Total nominal[(2)(7)]	**28.2**	**25.8**	**21.6**
Min. Shadow accounting reserve[(7)]	2.6	4.5	0.8
Min. Realised gains reserve[(7)]	3.2	2.2	1.5
Min. Other reserves[(7)]	0.8	0.8	0.8
Basic provision [E]	**21.6**	**18.3**	**18.5**
Life insurance margin / average basic provisions [D / E][(8)]	3.4%	3.5%	3.7%

(1) Restated to reflect accounting policies adopted in 2015. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

(2) Figures for 2015 audited; figures for 2014 and 2013 extracted or derived from audited financial statements.

(3) Investment income on behalf of policyholders (investment income on unit-linked contracts) is for IFRS-purposes credited to the account balance of the policyholders by debiting insurance claims and benefits. The impact on the insurance claims and benefits is reversed in calculating the life insurance margin. The reversal occurs because the policyholders, and not the Group, bear the investment risk with the result that investment income on behalf of policyholders has no bearing on the profit margin.

(4) Total indirect investment income consists of Realised gains and losses as well as Fair value gains and losses. Of the total indirect investment income, the part that is included in the measurement of the insurance liabilities for IFRS-purposes (through shadow accounting adjustments and realised capital gains provisions), is reversed in calculating the life insurance margin. The reversal occurs because the part of the indirect investment income that is allocated in the measurement of insurance liabilities for IFRS-purposes is non-recurring in nature and is not included in the investment income component of the life insurance margin. In order to calculate the part of indirect investment income that is allocated to the insurance liabilities, the difference is calculated between the total indirect investment and the indirect investment income not allocated to the insurance liabilities (own account).

(5) In 2014, included amounts attributable to (i) legislative changes resulting in increased benefits payable on the surrender of life insurance contracts by policyholders, which led to an expense of €40 million for retrospective compensation of policyholders, (ii) an addition to provisions in respect of unit-linked contracts of €11 million and (iii) compensation to policyholders for changes unilaterally made by the Group to terms and conditions of insurance contracts of €13 million. 2015 reflects the reversal of most of the provision made in 2014 for item (iii). These amounts represent adjustments in addition to those reported in the operating result profit and loss statement and are non-recurring in nature.

(6) The profit margin consists of three main elements, namely net insurance premiums to which regular investment income is added and from which regular net insurance claims and benefits are deducted.

(7) The basic provision represents the average IFRS book value of the insurance liabilities, excluding shadow accounting adjustments and realised capital gains provisions. Shadow accounting adjustments and realised capital gains provisions are excluded as they are influenced by matters that are non-recurring in nature, such as interest rate movements. In 2015 the basic provisions increased due, among other things, to the acquisitions of Axent and De Eendragt.

(8) The percentage represents the life insurance margin divided by the average basic provision for the year.

Liquidity and Capital Resources

Working Capital

The Group believes that it has sufficient working capital and liquidity to meet its liabilities for at least the next 12 months following the date of this Prospectus.

The Group believes that its insurance entities have sufficient liquid investments and inflows of new premiums to cover unexpected cash outflows triggered, among other things, by lapses in the insurance portfolio, savings withdrawals and payments relating to derivative instruments (as tested in accordance with the Group's Liquidity policy). The Group has defined minimum Solvency II capital ratios for its insurance entities. The Solvency II positions of the insurance entities are above these minimum Solvency II capital ratios. The Group believes that it will have sufficient capital and liquidity in case of a number of stress scenarios.

The current liquidity position of the Bank is sufficient to comply with the applicable liquidity requirements for regulated banks as set out under the CRD IV framework. The Company and other subsidiaries within the Group are not subject to such liquidity requirements.

Cash Flows

Liquidity is a measure of the Group's ability to generate sufficient cash flows to meet the short- and long-term cash requirements of its business operations. The Group generally maintains a conservative liquidity position that exceeds liabilities payable on demand. The Group's primary sources of liquidity are its insurance portfolio, cash and cash equivalents, liquid government bonds and a limited amount of external financing. The table below sets forth the Group's cash flows for the three months ended 31 March 2016 and 2015 and for the years ended 31 December 2015, 2014 and 2013.

	For the three months ended 31 March		**For the year ended 31 December**		
	2016	**2015**	**2015**	**2014**	**2013**
	(in millions of euros) (unaudited)		**(in millions of euros)**		
Cash and cash equivalents as at the beginning of the period/year	2,631	3,135	3,135	1,521	2,556
Cash flows from operating activities	1,681	1,856	(485)	1,683	(811)
Cash flows from investing activities	(4)	(49)	(293)	(67)	(62)
Cash flows from financing activities	3	(37)	274	(2)	(162)
Cash and cash equivalents as at the end of the period/year	**4,311**	**4,905**	**2,631**	**3,135**	**1,521**
Of which cash and cash equivalents classified as held for sale[1]	1	—	3	—	—

(1) In line with IFRS accounting requirements, the statement of cash flows numbers are restated for all periods shown herein for all operations that were classified as discontinued at 31 March 2016 (which are the same operations that were classified as discontinued at 31 December 2015). As a consequence of this IFRS requirement, the statement of cash flow numbers for 2014 and 2013 are not entirely comparable to the audited financial statements for these two years). For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations". The classification to discontinued operations resulted in the following adjustments to the reported figures stated in the Group's audited consolidated financial statements as of and for the years ended 31 December 2014 was €0 and €1 million for 2013.

Consolidated Cash Flows for the Three Months Ended 31 March 2016 and 2015

Cash Flows from Operating Activities

Cash inflow from operating activities amounted to €1,681 million in the first quarter of 2016, compared to a cash inflow of €1,856 million in the first quarter of 2015. The cash inflow from operating activities in the first quarter of 2016 was primarily due to a net increase in amounts due from and to credit institutions for an amount of €1,072 million (positive effect on cash position); an increase in liabilities arising from insurance contracts for an amount of €1,811 million (positive effect on cash position); and a increase in derivatives for an amount of €1,226 million (negative effect on cash position) due to the interest rate development.

Cash Flows from Investing Activities

Net cash outflows from investing activities dropped from €49 million in the first quarter of 2015 to €4 million in the first quarter of 2016. This was primarily due to the acquisitions of VKG for €34 million in the first quarter of 2015 and an €11 million decrease in investments in property, plant and equipment (first quarter of 2016: €4 million, first quarter of 2015: €15 million).

Cash Flows from Financing Activities

Net cash flows from financing activities increased from €(37) million in the first quarter of 2015 to €3 million in the first quarter of 2016. This was primarily due to the repayment of borrowings of €33 million in the first quarter of 2015 and the cash inflow from borrowings of €4 million in the first quarter of 2016.

Consolidated Cash Flows for the Years Ended 31 December 2015 and 2014

Cash Flows from Operating Activities

Cash flows from operating activities resulted in a cash outflow of €488 million in 2015, compared to cash inflow of €1,683 million in 2014. The cash outflow in 2015 was primarily due to a net increase in amounts due from and to credit institutions for an amount of €1,504 million (negative effect on cash position); an increase in amounts due from and to customers for an amount of €1,177 million (negative effect on cash position); and a decrease in derivatives for an amount of €1,229 million (positive effect on cash position); and profit before tax of €754 million (positive effect on cash position).

Cash Flows from Investing Activities

Net cash outflows from investing activities rose by 337.3% from €67 million in 2014 to €293 million in 2015. This was primarily due to the acquisitions of De Eendragt, Axent and VKG of €248 million in 2015 and the purchases of property, plant and equipment for an aggregate amount of €37 million.

Cash Flows from Financing Activities

Net cash flows from financing activities increased from €(2) million in 2014 to €274 million in 2015 primarily driven by the measures undertaken by the Group to optimise its capital structure, which included the issue of €497 million of subordinated loans, the payment of dividends for an amount of €139 million and an interest payment of €45 million.

Consolidated Cash Flows for the Years Ended 31 December 2014 and 2013

Cash Flows from Operating Activities

Cash flows from operating activities improved from a cash outflow of €811 million in 2013 to a cash inflow of €1,683 million in 2014 which was primarily due to a net increase in investments and derivatives, a net decrease in amounts due from and to credit institutions resulted in a cash inflow, a net increase of liabilities arising from insurance contracts and a net increase in liabilities arising from insurance contracts on behalf of policyholders also resulted in a positive cash flow. The increase in positive cash flows from operating activities is primarily the result of a decrease in amounts due from and to credit institutions for an amount of €2,483 million which had a positive effect on cash position; an increase in liabilities arising from insurance contracts for an amount of €2,888 million which had a positive effect on cash position; and an increase in liabilities arising from insurance contracts on behalf of policyholders for an amount of €787 million which had a positive effect on cash position; an increase in investments for an amount of €1,666 million which had a negative effect on cash position and a net increase in derivatives for an amount of €2,529 million which had a negative effect on cash position.

Cash Flows from Investing Activities

Net cash outflows from investing activities rose 8.1% from €62 million in 2013 to €67 million in 2014. This was primarily due to investments in associates and joint ventures of €6 million and the renovation of the Group's headquarters (Utrecht) which resulted in an increase in the purchase of property plant and equipment of €7 million year-on-year. The year-on-year difference was partially offset by the purchase of intangible assets, mainly software applications, which amounted to €8 million in 2013, with no equivalent purchases made in 2014.

Cash Flows from Financing Activities

Cash outflows from financing activities declined from €162 million in 2013 to €2 million in 2014 primarily driven by the measures undertaken by the Group to optimise its capital structure, which included the issue of new Tier II 5% Fixed to Fixed Rate Undated Subordinated securities with a nominal value of €500 million (carrying value €497 million). Out of €497 million of total net proceeds of the offering received by the Group, €311 million was used to refinance the existing Tier I hybrid instruments. The remainder of the proceeds almost fully offset the ordinary course cash outflow from financing activities.

Holding Company Cash Generation

The Company's cash capital generation of the life insurance business is related to the ability of the Group to generate returns on its existing in-force block of business and free surplus, as well as the release of required capital on maturing policies, offset by required capital and upfront costs associated with new business.

The table below sets forth movements in the cash position of the Company on a non-consolidated basis for the periods indicated.

	Three months ended 31 March	Year ended 31 December		
	2016	2015	2014	2013
	(in millions of euros) (unaudited)	(in millions of euros) (unaudited)		
Total Company cash balance at beginning of period	**202**	**5**	**5**	**166**
Net capital injections to/remittances from subsidiaries				
Life	—	218	324	552
Non-life	—	35	(32)	44
Banking and asset management	—	—	(6)	(7)
Distribution and services	—	—	—	—
Holding and other	(13)	—	—	—
Real estate development	—	—	—	(45)
Company debt costs (after tax)	—	(34)	(81)	(33)
Company income (expenses) and other items (after tax)	53	(10)	(29)	(15)
Movement in working capital balances	(45)	(105)	(112)	163
Other operating cash movements of the Company	(3)	6	(10)	1
Operating cash position of the Company before dividend	**194**	**115**	**59**	**826**
Cash dividend to shareholder	—	(139)	(99)	(88)
Operating cash position of the Company after dividend	**194**	**(24)**	**(40)**	**738**
Movement in intercompany balances	(40)	(24)	(363)	(731)
Repayment of external debt	1	(247)	(28)	(2)
Net issue of hybrid instruments or subordinated loans	—	497	186	—
Issue of new bank loan	—	—	250	—
Change in total Company cash position	(47)	197	—	(161)
Total Company cash balance at period-end	**155**	**202**	**5**	**5**

Holding Company Cash Generation for the Three Months Ended 31 March 2016

Net capital flows from and to subsidiaries (net capital flows) represents the difference between capital injections made by the Company into subsidiaries and cash distributed by the subsidiaries to the Company. Net capital flows decreased from €253 million in 2015 to €(13) million in the first quarter of 2016 as no dividends were distributed by subsidiaries to the Company in the three months ended 31 March 2016.

The Company's debt costs consist of interest paid on hybrid instruments and bank loans. For more information on the Company's debt, see "—Contractual Obligations and Commitments". In the three months ended 31 March 2016, no interest was paid by the Company.

The Company's expenses and other items consist of administrative costs not recharged to subsidiaries, the positive result in the three months ended 31 March 2016 was impacted by a release related to the provision

for the own pension scheme for an amount of €75 million (net of tax) partly offset by a reversal of receivables and payables for an amount of €10 million and a provision for VAT of €6 million.

Working capital movements concern the movements in other short-term assets and liabilities. The working capital movement in the first quarter of 2016 mainly relates to a decrease in tax payable of €44 million which has a negative impact on the cash position.

The cash dividends to NLFI for the year ended 31 December 2015 will be paid in the second quarter of 2016 and were therefore €0 million in the three months ended 31 March 2016.

The Company recharges administrative and other costs to its subsidiaries. Furthermore, the Group's own pension plan liability resides with the Company, notwithstanding the fact that the assets backing the pension liabilities are administered by ASR Leven. For this reason significant intercompany balances exist. Movements are mainly caused by movements in the receivable with respect to pension assets administered by ASR Leven.

Holding Company Cash Generation for the Years Ended 31 December 2015 and 2014

Net capital flows from and to subsidiaries (net capital flows) represents the difference between capital injections made by the Company into subsidiaries and cash distributed by the subsidiaries to the Company. Net capital flows decreased from €286 million in 2014 to €253 million in 2015.

Of the net capital flows, €356 million and €467 million in 2014 and 2015, respectively, relate to cash distributed by the subsidiaries to the Company.

Cash distributions consist of distributions of an operational nature (€200 million in 2014 and €245 million in 2015) and distributions of an incidental nature (€156 million in 2014 and €222 million in 2015). Distributions of an operational nature are made by the subsidiaries to the Company to finance interest payments on money borrowed from third parties and dividend payments by the Company. Distributions of an incidental nature were made by the subsidiaries to the Company to increase the equity levels of the Company in 2014 and to finance entities acquired in 2015 by the Group.

The Group distributes cash from subsidiaries to the Company equivalent to an amount needed to cover the Group's dividend pay-out, operating and financing costs. When a subsidiary has a capital position below the set minimum requirements, capital is contributed from the Company to the relevant subsidiary.

In 2014, the Company effected an early redemption of hybrid Tier I instruments over which a discretionary interest on redemption of €48 million (after tax) was paid. In accordance with the dividend policy that existed before 2015, cash dividends paid to NLFI increased from €99 million in 2014 to €139 million in 2015. The cash dividends paid in 2015 to NLFI represented 40% of the net profit for 2014 after regular distributions on Preferred Shares and hybrid instruments.

Holding Company Cash Generation for the Years Ended 31 December 2014 and 2013

Net capital flows from and to subsidiaries decreased from €544 million in 2013 to €286 million in 2014. In addition, repayments of external debt increased from €2 million in 2013 to €28 million in 2014.

In 2014, the Company's debt costs were affected as a result of the early redemption of hybrid Tier I instruments over which a discretionary interest on redemption of €48 million (after tax) was paid. In accordance with the dividend policy that existed before 2015, cash dividends paid to NLFI increased from €88 million in 2013 to €99 million in 2014. The cash dividends paid in 2014 to NLFI in respect of 2013 results represents 40% of the net profit for the year after regular distributions on Preferred Shares and hybrid instruments.

In 2014, the Group announced a combination of capital market transactions with a view to further optimise its capital position. In 2014, the Group issued a €500 million of perpetual hybrid bond (classified as debt). The proceeds of the bond were used, amongst others, for a buy-back of existing notes for an amount of €215 million and to redeem existing comparable notes for an amount of €96 million including the payment of interest as well as early termination related expenses. Furthermore, proceeds were used to further optimise the Group's capital structure. In 2014, the Group also executed and drew an unsecured revolving credit facility of €250 million for the Company, which was mainly used for general operating purposes, including the funding of a pension reserve. Although debt increased, which negatively impacted financial leverage, the impact on the interest coverage ratio ("**ICR**") is limited as interest expense on the issued hybrid bond is comparable with the interest expense on the settled debt.

In 2015, the Group additionally launched and priced a successful €500 million subordinated Tier II capital transaction which was used to redeem the credit facility of €250 million and to finance recent acquisitions. The net issuance had a limited effect on the financial leverage and the ICR as the subordinated debt transaction (issuance and redemption) was finalised around the end of the third quarter of 2015.

Liquidity Management

In light of the long-term nature of a substantial proportion of Group's obligations, such as life insurance policies, it is critical for the Group to be able to meet its obligations towards policyholders and other creditors at all times. Despite its limited use of external sources of funding, the Group strives to secure, on a consistent basis, access to a broad spectrum of funding options, such as money and capital markets. In fulfilling its funding needs, the Group makes use of standalone and tailor-made trade documentation. Furthermore, it has committed liquidity facilities with core banks of high credit quality. In addition, in 2014 the Group issued a perpetual hybrid bond loan. For more information see "—Holding Company Cash Generation—Holding Company Cash Generation for the Years Ended 31 December 2014 and 2013".

The Group's main sources of liquidity, which can be used to cover unexpected cash outflows triggered, among other things, by lapses in the insurance portfolio, savings withdrawals and payments relating to derivative instruments, comprise cash (€1,454 million as at 31 December 2015), short-term deposits (€1,178 million as at 31 December 2015), and liquid government bonds (€13,840 million as at 31 December 2015) and other bonds and shares.

The Group maintains a strict policy on cash remittance, designed to ensure sufficient liquidity for the Company.

The Group strives to match the duration of its investments with maturities of its payment obligations under insurance policies and otherwise. The table below shows the maturity profile of the Group's fixed income securities versus the maturity profile of the Group's liabilities (excluding investments on behalf of policyholders and insurance contracts on behalf of policyholders) as at 31 December 2015.

	Remaining term to average contractual maturity				
	Within 1 year	1 to 5 years	5–10 years	10–20 years	Over 20 years
	(in millions of euros)				
Fixed Income assets	6,083	7,121	7,892	9,873	15,664
Liabilities	(3,985)	(7,539)	(7,663)	(13,291)	(24,965)[1]
Total	**2,098**	**(418)**	**229**	**(3,418)**	**(9,301)**

(1) The total value of the liabilities as presented in the above maturity table differs from the amount recorded on the face of the balance sheet. Some of the differences are in respect of:

(i) The total liabilities on the balance sheet include insurance contracts on behalf of policyholders, whereas the liabilities presented above exclude these.

(ii) Insurance liabilities are presented gross of reinsurance on the face of the balance sheet, whereas in the above table the liabilities are presented net of reinsurance.

(iii) Certain accounting adjustments are included in the measurement of liabilities which do not impact on the Group's contractual performance obligation towards its policyholders. This includes, but is not limited to items such as shadow accounting adjustments and realised capital gains provisions.

Key Ratios

The Group uses several ratios including combined ratio, return on equity, interest coverage ratio, financial leverage and double leverage to monitor its business. These measures are non-IFRS financial measures and should not be considered as a replacement for any IFRS financial measures. In addition, such measures, as defined by the Group may not be comparable to other similarly titled measures used by other companies, which may calculate these measures in a different manner than the Group, limiting their usefulness as comparative measures. The Group believes that these non-IFRS measures are important to understand the Group's performance and capital position.

Return on Equity (RoE)

Return in equity is calculated as profit attributable to holders of equity instruments minus interest on hybrid instruments (net of taxes), divided by average equity (excluding hybrid instruments).

	As at 31 March		As at 31 December		
	2016	2015	2015	2014	2013
	(in millions of euros) (unaudited)		(in millions of euros) (unaudited, unless indicated otherwise)		
Profit attributable to holders of equity instruments	**214**	**184**	**601**(1)	**423**(1)	**247**(1)
Minus: Interest on hybrid instruments net of taxes(2)	(9)	(9)	(34)	(81)	(34)
Profit after hybrid costs (after tax)	**205**	**175**	**567**	**342**	**213**
Equity end of period	**4,219**	**4,207**	**4,275**(1)	**3,729**(1)	**3,675**(1)
Minus: Hybrid instruments(3)	(701)	(701)	(701)(1)	(701)(1)	(515)(1)
Adjusted IFRS equity end of period	**3,518**	**3,506**	**3,574**	**3,028**	**3,160**
Average IFRS equity ((beginning of period + end of period) / 2)	**3,546**	**3,267**	**3,301**	**3,094**	**2,999**
Return on Equity(4)	**23.2%**	**21.4%**	**17.2%**	**11.0%**	**7.1%**

(1) Figures for 2015 audited; figures for 2014 and 2013 extracted or derived from audited financial statements.

(2) Interest on hybrid is deducted to show the return to equity shareholders after hybrid costs.

(3) Hybrid instruments are excluded as interest on hybrid instruments is excluded from the result definition.

(4) The quarterly return on equity for the three months ended 31 March 2016 and 31 March 2015 was annualised by multiplying by four. The quarterly number used in annualising the return on equity is not necessarily representative of the return on equity for the remaining three quarters of the relevant year.

Return on Equity increased from 21.4% for the first quarter of 2015 to 23.2% for the first quarter of 2016 primarily due to an increase in profits and a relatively stable average equity balance.

Return on Equity increased 10.1 percentage points from 7.1% in 2013 to 17.2% in 2015 primarily due to an increase in profits and a relatively stable average equity balance.

Operating Return on Equity (Operating RoE)

Operating return on equity is calculated as operating result after costs of hybrid capital (net of 25% taxes and penalty interest payments), divided by average equity (excluding (i) hybrid instruments; (ii) unrealised gains and losses reserve and (iii) equity attributable to entities held for sale).

	As at 31 March		As at 31 December		
	2016	2015	2015	2014	2013
	(in millions of euros) (unaudited)		(in millions of euros) (unaudited, unless otherwise indicated)		
Operating result (before tax)	**132**	**128**	**521**	**417**	**332**
Minus: Interest on hybrid instruments[1]	(11)	(11)	(45)	(44)	(44)
Operating result (before tax), after hybrid costs	**121**	**117**	**476**	**373**	**288**
Total tax effect	(30)	(29)	(119)	(93)	(72)
Operating result after hybrid costs (net of taxes)	**91**	**88**	**357**	**280**	**216**
Equity end of period	**4,219**	**4,207**	**4,275**[2]	**3,729**[2]	**3,675**[2]
Minus: Hybrid instruments[3]	(701)	(701)	(701)[2]	(701)[2]	(515)[2]
Minus: Unrealised gains and losses reserve[4]	(656)	(1,028)	(686)[2]	(737)[2]	(581)[2]
Minus: IFRS Equity Real estate development and SOS International[5]	5	(22)	(9)	(33)	(44)
Adjusted IFRS equity end of period	**2,867**	**2,456**	**2,879**	**2,257**	**2,534**
Average IFRS equity ((beginning of period + end of period) / 2)	**2,873**	**2,357**	**2,568**	**2,396**	**2,406**
Operating return on Equity[6]	**12.6%**	**14.8%**	**13.9%**	**11.7%**	**9.0%**

(1) Interest on hybrid is deducted to show the return to equity shareholders after hybrid costs.

(2) Figures for 2015 audited; figures for 2014 and 2013 extracted or derived from audited financial statements.

(3) Hybrid instruments are excluded as interest on hybrid instruments is excluded from the result definition.

(4) Unrealised revaluation reserves are excluded as the operating result is adjusted for all capital gains and losses.

(5) Real estate development and SOS International equity is excluded from the calculation as it is also excluded from the operating result due to its "discontinued" and "in run-off" classification.

(6) The quarterly operating return on equity for the three months ended 31 March 2016 and 31 March 2015 was annualised by multiplying by four. The quarterly number used in annualising the operating return on equity is not necessarily representative of the return on equity for the remaining three quarters of the relevant year.

Operating return on equity decreased from 14.8% for the first quarter of 2015 to 12.6% for the first quarter of 2016 mainly due to a change in product mix. Although operating result slightly increased, the average equity balance increased mainly due to the addition of profit from prior periods.

Operating return on equity increased from 9.0% in 2013 to 13.9% in 2015 primarily due to an increase in operating result and a relatively stable average equity balance.

Interest Coverage Ratio

The ICR is a measure of the Group's ability to meet its interest payments. It determines how easily the Group can pay interest expenses on outstanding debt. Rating agencies may calculate the ICR in a different

manner than the Group, which limits its usefulness as comparative measure. The table below shows the breakdown of the Group's ICR as at the dates indicated.

	As at 31 March		As at 31 December		
	2016	2015	2015	2014	2013
	(in millions of euros) (unaudited)		(in millions of euros) (unaudited)		
Interest on hybrids	(11)	(11)	(45)	(44)[1]	(44)
Interest on senior and subordinated loans	(6)	(2)	(9)	(3)	—
Total interest (A)	**(17)**	**(13)**	**(54)**	**(47)**	**(44)**
Profit before tax	258	216	780	534	317
Add back: interest on senior and subordinated loans[2]	6	2	9	3	—
Profit before tax and interest expense (B)	**264**	**218**	**789**	**537**	**317**
Interest coverage ratio (B/A)[3]	**15.0**	**16.1**	**14.6**	**11.2**	**7.2**

(1) Amount excludes €63 million related to additional discretionary interest on early redemption.

(2) Since the interest paid over the hybrid instruments is recorded as an equity movement and not in the income statement, the profit before tax is not adjusted for the interest on these hybrid instruments.

(3) The interest coverage ratio was calculated by using unrounded numbers, whereas numbers in the above table are rounded.

The interest coverage ratio decreased quarter-on-quarter as a result of the increase in profit before tax (excluding interest expenses on debt securities) while the total interest expense on debt securities increased more, in relation to profit before tax.

The interest coverage ratio increased year-on-year as a result of the increase in profit before tax (excluding interest expenses on debt securities) while the total interest expense on debt securities remained stable.

Operating Interest Coverage Ratio

The Operating ICR is a measure of the Group's ability to meet its interest payments based on result on an operating result basis. Rating agencies may calculate the ICR in a different manner than the Group, which limits its usefulness as comparative measure.

Operating return on equity is calculated as operating result before tax (excluding interest expenses on debt securities), divided by total interest expenses on debt securities. The table below shows the breakdown of the Group's Operating ICR as at the dates indicated.

	As at 31 March		As at 31 December		
	2016	2015	2015	2014	2013
	(in millions of euros) (unaudited)		(in millions of euros) (unaudited)		
Interest on hybrids	(11)	(11)	(45)	(44)[1]	(44)
Interest on senior and subordinated loans	(6)	(2)	(9)	(3)	—
Total interest (A)	**(17)**	**(13)**	**(54)**	**(47)**	**(44)**
Operating result before tax	132	128	521	417	332
Add back: interest on senior and subordinated loans[2]	6	2	9	3	—
Operating result before tax and interest expense (B)	**138**	**130**	**530**	**420**	**332**
Interest coverage ratio (B/A)[3]	**7.8**	**9.6**	**9.8**	**8.8**	**7.5**

(1) Amount excludes €63 million related to additional discretionary interest on early redemption.

(2) Since the interest paid over the hybrid instruments is recorded as an equity movement and not in the income statement, the operating result is not adjusted for the interest on these hybrid instruments.

(3) The operating interest coverage ratio was calculated by using unrounded numbers, whereas numbers in the above table are rounded.

The interest coverage ratio decreased quarter-on-quarter as a result of a slight increase in operating result (excluding interest expenses on debt securities) while the total interest on debt securities increased stronger as a result of the issuance of €497 million subordinated loan per September 2015.

The interest coverage ratio increased year-on-year as a result of the increase in total interest on debt securities due to the issuance of a €250 million senior loan in 2014 (redeemed in 2015) and the issuance of €497 million subordinated loan in 2015, while the operating result (excluding interest expenses on debt securities) increased more in relation to operating result.

Financial Leverage

Financial leverage reflects the Group's financing through external sources. The table below shows the breakdown of the Group's financial leverage ratio as at the dates indicated.

	As at 31 March	As at 31 December		
	2016	2015	2014	2013
	(in millions of euros, unless indicated otherwise) (unaudited)	(in millions of euros, unless indicated otherwise)	(unaudited)	
Hybrids issued	701	701	701	515
Subordinated loans	497	497	—	—
Senior loans	—	—	250	—
Financial leverage(A)	**1,198**	**1,198**	**951**	**515**
Equity attributable to shareholders (B)	3,518	3,574	3,028	3,160
Financial leverage ratio (A/(A+B))	**25.4%**	**25.1%**	**23.9%**	**14.0%**

The financial leverage ratio increased by 0.3 percentage points from 25.1% at 31 December 2015 to 25.4% at 31 March 2016 mainly due to a slight decrease in equity attributable to shareholders.

The financial leverage ratio increased by 1.2 percentage points from 23.9% in 2014 to 25.1% in 2015 mainly due to the new issuance of a subordinated loan which was partly offset by a repayment of senior loans, and an increase in equity attributable to shareholders.

The financial leverage ratio increased by 9.9 percentage points from 14.0% in 2013 to 23.9% in 2014 mainly due to the new issuance of a hybrid instrument and senior loans obtained in 2014 and a stable balance of equity attributable to shareholders.

Double Leverage

Double leverage is calculated as the total equity value of the subsidiaries divided by Group equity, restated for hybrid instruments. The difference in value between the equity of subsidiaries and the Group, restated for hybrid instruments of €784 million and €619 million in 2014 and 2013, respectively, was predominantly the effect of the different IFRS treatment of the own pension contract, which is accounted for at the Group level and not entirely allocated to the subsidiary level. The remainder largely relates to net costs incurred at the Group level not recharged to subsidiaries which resulted in lower equity for the Group. The difference in value between the equity of subsidiaries and the Group equity, restated for hybrid instruments, decreased to €94 million in 2015. This was primarily driven by the issuance of €497 million of subordinated loans in 2015. The €497 million of subordinated loans, classified as a liability under IFRS, are considered in the calculation of the double leverage ratio as hybrid instruments and are classified as capital under Solvency II.

Proceeds from the issuance of these subordinated loans were not invested into the subsidiaries but retained at Holding level, resulting in the equity of Holding, in relation to the equity of the subsidiaries, increasing.

The double leverage ratio can change either by issuance or repayment of hybrid instruments that qualify as equity, or by other changes in the statutory equity of the Company and/or its subsidiaries. The Company has an (internal) maximum double leverage ratio of 135%.

It is part of the Group's strategy to retain excess capital at a regulated entity level instead of upstreaming all excess capital to the Company, with the exception of a liquidity buffer at the Company's level. This strategy could have an impact on the double leverage ratio of the Group.

The table below shows the breakdown of the Group's double leverage ratio as at the dates indicated.

	As at 31 March	As at 31 December		
	2016	2015	2014	2013
	(in millions of euros, unless indicated otherwise) (unaudited)	(in millions of euros, unless indicated otherwise) (unaudited, unless indicated otherwise)		
Equity subsidiaries (A)[1]	4,975	4,865	4,513	4,294
Equity holding[1]	3,518	3,574	3,028	3,160
Hybrids[1]	1,198	1,198	701	515
Equity (B)[1]	4,716	4,772	3,729	3,675
Double leverage ratio (%) (A/B)	**105.5%**	**101.9%**	**121.0%**	**116.9%**

(1) Figures for 2015 audited; figures for 2014 and 2013 extracted or derived from audited financial statements.

The double leverage ratio increased by 3.6 percentage points from 101.9% at 31 December 2015 to 105.5% at 31 March 2016. This was mainly due to more excess capital retained at subsidiary level instead of upstreaming excess capital to the Company.

The double leverage ratio decreased by 19.1 percentage points from 121.0% in 2014 to 101.9% in 2015 mainly due to an increase in hybrid instruments issued in 2015 of which the proceeds were not invested in the subsidiaries but retained at Holding level, resulting in the equity of the Holding segment increasing.

The double leverage ratio increased by 4.1 percentage points from 116.9% in 2013 to 121.0% in 2014 mainly due to an increase in hybrid instruments issued, and lower invested capital in 2013.

Hybrid Instruments

The Group issued several hybrid instruments, as discussed in "—Key Ratios—Interest Coverage Ratio", "—Key Ratios—Financial Leverage" and "—Key Ratios—Double Leverage" above. The table below shows the detailed breakdown of these hybrid instruments.

Name / first call date	ISIN	Interest rate (fixed)	Balance sheet treatment	S&P Rating	Carrying value / Nominal amount outstanding at 31 December 2015	Interest expenses in 2015
					(in millions of euros) (unaudited, unless indicated otherwise)	
Hybrid Tier I 26-10-2019	NL0009213545	10.000%	Equity	BBB+	187[1] / 192	19.2
Hybrid Tier I 30-09-2019	NL0009213552	7.250%	Equity	BBB+	17[1] / 17	1.2
Hybrid Tier II 30-09-2024	XS1115800655	5.000%	Equity	BBB−	497[1] / 500	25.0
Hybrid Tier II 30-09-2025	XS1293505639	5.125%	Liability	BBB−	497[1] / 500[1]	7.3
Total					**1,198 / 1,209**	**52.7**

(1) Figures for 2015 audited; figures for 2014 and 2013 extracted or derived from audited financial statements.

The Hybrid Tier II instrument with a first call date of 30 September 2025 is classified as a subordinated loan, thus debt, under IFRS. The remaining instruments are classified as equity under IFRS.

Rating

Certain Group entities are currently rated by Standard & Poor's Ratings Services ("**S&P**"). On 24 August 2015, S&P confirmed the following ratings and outlooks for the Group entities listed below:

	Type[(1)]	Rating	Outlook	Date since current rating applies
ASR Nederland N.V.	CCR	BBB+	Stable	15 May 2014
ASR Schadeverzekering N.V.	FSR	A	Stable	23 August 2012
ASR Schadeverzekering N.V.	CCR	A	Stable	23 August 2012
ASR Schadeverzekering N.V.	ICR	A	Stable	23 August 2012
ASR Levensverzekering N.V.	FSR	A	Stable	23 August 2012
ASR Levensverzekering N.V.	CCR	A	Stable	23 August 2012
ASR Levensverzekering N.V.	ICR	A	Stable	23 August 2012

(1) S&P has issued different types of ratings for certain Group entities, namely the CCR (Counterparty Credit Rating), the FSR (Financial Strength Rating) and the ICR (Issuer Credit Rating).

Principal Accounting Policies, Estimates and Judgements

Except as otherwise indicated, the Group's consolidated financial information included in this Prospectus has been prepared and presented in accordance with IFRS. For more information, see "Important Information—Presentation of Financial and Other Information" and the Group's consolidated financial statements as of and for the year ended 31 December 2015 including notes thereto, in particular "The Group's Consolidated Financial Statements as of and for the Year Ended 31 December 2015—Accounting Policies" and Note 40.3.1 "Accounting Policies", included elsewhere in this Prospectus.

In 2015, the Group made changes to its accounting policies. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" and "Selected Historical Financial and Operational Information—Selected Consolidated Financial Information".

No changes were made to the Group's accounting policies during the first quarter of 2016. As a result, the same accounting policies were applied in preparing all the IFRS numbers presented (annual and quarterly numbers).

The preparation of financial statements requires Group's management to make a number of estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, of revenues and expenses and the disclosure of contingent assets and liabilities. All assumptions, expectations and forecasts used as a basis for certain estimates within the Group's financial statements represent good faith assessments of its future performance for which management believes there is a reasonable basis.

These estimates and assumptions represent the Group's view at the times they are made, and only then. They involve risks, uncertainties and other factors that could cause Group's actual future results, performance and achievements to differ materially from those forecasted. The estimates and assumptions that may have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Group has discussed the development and selection of these significant accounting policies and estimates with its independent auditors.

Estimates and Assumptions

The preparation of the financial statements requires the Group 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; and
- 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 notes to the consolidated financial statements. For more information, see the Group's consolidated financial statements as of and for the year ended 31 December 2015, included elsewhere in this Prospectus.

Fair Value of Assets and Liabilities

The fair value is the price that the Group would receive to sell an asset or pay 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, the Group 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.

Value of Business Acquired

The Value of Business Acquired ("**VOBA**") represents the difference between the fair value and the carrying amount of insurance portfolios that have been acquired, either directly from another insurer or through the acquisition of a subsidiary.

VOBA is recognised as an intangible asset with a finite useful life and amortised over the term of the current insurance contracts at acquisition date, in conjunction with the corresponding obligations. With regard to VOBA, allowance is made for the outcome of the annual compulsory LAT for insurance contracts. Given the structural market developments in the life portfolios, the LAT related to the VOBA is as from 2014 performed at the level of the life insurance contracts and the life insurance contracts on behalf of policyholders (before 2014 the LAT was performed at the level of the total life insurance portfolio). Amortisation charges related to VOBA are included in net claims and benefits. As a change in estimate, this is accounted for prospectively.

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

Investment Property

Investment property is property held to earn rent or for capital appreciation or both. In some cases, the Group is the owner-occupier of some investment properties.

If owner-occupied properties cannot be sold separately, they are treated as investment property only if the Group holds an insignificant portion for use in the supply of services or for administrative purposes. Property held for own uses (owner occupied) is recognised within property plant and equipment. Property held for own use is valued at fair value.

Property classified as investment property is initially measured at cost. Subsequently the Group measures all investment property at fair value. The fair value movements of the investment property are recognised in profit or loss.

Furthermore, the fair value model is used for the investment property backing insurance liabilities that pay a return linked directly to the fair value of, or returns from, the investment property where the investment property is partly held as investments on behalf of policyholders. After initial recognition, the Group re-measures all of this investment property held at fair value whereby any gain or loss arising from a

change in the fair value of the specific investment property is recognised in the income statement under fair value gains and losses.

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

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

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

The following categories of investment property are recognised by the Group 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.

Property under development for future use as investment property is recognised as investment property. Valuation is at cost, including any directly attributable expenditure, less any impairment losses.

Borrowing costs directly attributable to the acquisition or development of an asset are capitalised.

Borrowing costs are capitalised 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 capitalised when the asset is ready for use or sale. If the development of assets is interrupted for a longer period, capitalisation 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 capitalised.

Investments

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

(i) financial assets at fair value through profit and loss;

(ii) loans and receivables; and

(iii) financial assets available for sale.

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

(i) Financial assets at fair value through profit and loss include:

- financial assets classified as held for trading. These financial assets include derivatives that do not qualify for hedge accounting; and
- financial assets, designated by the Group as carried at fair value through profit and loss. This option is available whenever:

a) it eliminates or significantly reduces a measurement inconsistency that would otherwise arise from measuring assets or liabilities on different bases (accounting mismatch); or

b) the Group manages a group of financial instruments (assets, liabilities or both) on the basis of fair value in accordance with a documented risk management or investment strategy; and

c) the financial assets contain one or more embedded derivatives and the Group does not separate the derivative from the host contract.

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

(ii) Loans and receivables are measured at fair value plus transaction costs at initial recognition.

They are subsequently measured at amortised cost based on the effective interest rate method, less impairment losses were deemed necessary. Loans and receivables are accounted for separately under financial assets.

(iii) Financial assets available for sale.

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

Impairment of Financial Assets

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

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

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

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

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

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

Impairment of Loans and Receivables

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

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

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

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

Likely losses in parts of the loan portfolios (IBNR: 'incurred but not reported') are also taken into account. IBNR is estimated by reference to historical loss patterns. The current economic climate is reflected, and account is taken of potentially higher credit risk based on an analysis of the economic situation.

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

Investments on Behalf of Policyholders

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

Derivatives and Hedge Accounting

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

Cash flow hedge accounting is currently applied only to a limited extent in relation to property development activities.

Liabilities Arising from Insurance Contracts

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

Liabilities Arising from Non-Life Insurance Contracts

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

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

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

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

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

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

Liabilities Arising from Life Insurance Contracts

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

Additional provisions are generally recognised for realised gains or losses on financial assets allocated to:

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

These financial assets include fixed-income financial assets available for sale, specific financial assets designated at fair value through profit and loss, and specific derivatives designated as held for trading (swaptions and interest-rate swaps). The realised gains or losses are amortised based on the remaining maturity period of the disposed financial assets. The realised gains or losses and the amortisation thereof are included in net insurance claims and benefits.

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

Reinsurance Liabilities

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

Obligations to insurers where the Group qualifies as the reinsurer, and with no significant insurance risk being transferred to the Group, are recognised as debts to policyholders.

Life Insurance Contracts with a Discretionary Participation Features (DPF)

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

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

Shadow Accounting

The Group's insurance accounting policies include the application of shadow accounting which is a specialised accounting treatment commonly utilised in insurance accounting and is permitted under IFRS.

The purpose of shadow accounting is to help reduce potential accounting mismatches which can occur when related assets and liabilities:

(i) are measured on a different basis; or

(ii) have their measurements recorded in different IFRS performance statements (Income Statement or OCI).

Under the Group's shadow accounting, adjustments are made to the insurance liability to reflect the unrealised gain or loss from the financial instruments backing these insurance liabilities.

The Group's shadow accounting policy is applied to certain types of insurance liabilities:

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

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

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

The related adjustment to the insurance liability is recognised in OCI if, and only if, the unrealised gains or losses on the backing assets are also recognised in OCI. Unrealised gains and losses on assets at fair value through profit and loss are recognised in the income statement with a corresponding adjustment for shadow accounting in the income statement under 'Net insurance claims and benefits'.

No shadow accounting is applied to:

- impairments; and
- revaluations of debt instruments that have been subject to impairment.

IFRS Liability Adequacy Test Non-Life

The LAT is performed at each reporting date to assess the adequacy of insurance liabilities for Non-life.

Where the P&C (motor, fire and liability), Health and a small proportion of disability business is concerned, the LAT is performed using statistical analyses. Any identified losses are used as a basis for estimating future claims arising from an insurance contract from the portfolio on the balance sheet date. This is the best estimate. An appropriate risk margin is added. The risk margin is determined for each homogeneous risk group using the cost of capital ("**CoC**") method that is also used for Life. For Non-life a CoC rate of 6% (2014: 6%; 2013: 6%) is used, except for disability SLT where the Life CoC rate of 5% (2014: 5%; 2013: 4%) is used. The total of best estimate and risk margin is compared to the technical provision recorded in the balance sheet.

The LAT for the disability portfolio is based on cash flow projections using realistic assumptions comparable to the LAT for the Life portfolio.

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

IFRS Liability Adequacy Test Life

The LAT is performed at each reporting date to assess the adequacy of insurance liabilities for Life. Liabilities are adequate if the technical provision recognised in the Group's balance sheet for Life segment as a whole at least equals the best estimate of the life insurance liabilities including an appropriate risk margin.

If there is a deficiency in the life insurance liabilities, those liabilities are increased to adequate levels through a charge to the income statement.

Also, unrecognised gains and losses from relevant assets that are not carried at fair value in the balance sheet are taken into account to the extent these assets are allocated to cover the insurance liabilities.

The various elements of the liability adequacy test are further discussed below.

Best Estimate

The best estimate of an insurance contract is the net present value of the projected cash flows of benefits and expenses, less the net present value of premiums. These cash flows are estimated using realistic ('best estimate') assumptions in relation to mortality, longevity, lapse rate, expense and inflation. The best estimate assumptions regarding mortality and longevity include recent trend assumptions for life expectancy in the Netherlands, as provided by the Dutch Actuarial Association. The best estimate includes

the intrinsic value and the time value of options and guarantees (Time Value of Financial Options and Guarantees or "**TVOG**") and is calculated using stochastic techniques.

Where applicable, the participating features of the insurance contracts, such as profit sharing, are taken into account in the future cash flows. The cash flows are discounted using the DNB swap curve including the UFR.

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

Risk Margin

The risk margin is determined for each homogeneous risk group using the CoC method. For Life a CoC rate of 5% (2013: 4%) is used. The Group uses the latest standard Solvency II model to quantify the risks. The risks that are incorporated in the risk margin are: mortality, longevity, disability, lapse, catastrophe, expense and operational risk. A projection of expected future risks is made and all these risks are projected into the future. The total risk for every future year is determined based on correlations between the risks described in the Solvency II standard formula. The projected total risk for every year is multiplied by a cost of capital charge and discounted at the balance sheet date.

Options Embedded in Insurance Contracts

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

DNB LAT

For regulatory solvency purposes, the Group uses the DNB Liability Adequacy Test ("**DNB LAT**"). As no surrender value floor is applied in the IFRS LAT, the LAT used for IFRS purposes, as described above, differs from the DNB LAT.

Liabilities Arising from Insurance Contracts on Behalf of Policyholders

Liabilities arising from insurance contracts for the account and risk of policyholders mainly concern unit-linked contracts. An investment unit is a share in an investment fund that the Group acquires on behalf of the policyholders using net premiums paid by the policyholders. The gain upon maturity of the contract is equal to the current value of the investment units of the fund in question.

The current value of an investment unit (unit value) reflects the fair value of the financial assets held by the Group's investment funds divided by the number of units.

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

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

Liabilities arising from insurance contracts on behalf of policyholders also include obligations in connection with savings pools and group pension contracts, with policyholders bearing the investment risk. These liabilities also include a provision for compensation of possible high cost of the unit linked insurance contracts, as agreed in 2008 with the consumer organisations. The additional compensation related to the unit linked insurance contracts for the past has been included in the insurance liability and is therefore included in the investment portfolio. In addition, there is still a provision for compensation for claimants and compassionate and supportive policy (*flankerend beleid*).

The provision also contains an amount for future additional expenses for the implementation and conversion of systems related to the compensation and surrenders of the related insurance contracts.

Acquisition Costs

With effect from 1 January 2015, all costs incurred to acquire insurance contracts (acquisition costs), are charged directly to the income statement. (Certain costs that mainly involved commissions and expenditure related to underwriting, intermediaries and the issue of news contracts were in the past deferred and then amortised over the duration of the insurance contract.) The comparative financial information for 2014 and 2013 has been retroactively restated to this new accounting policy for acquisition costs.

Pension Obligations

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

The liability in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of the plan assets. The majority of employees are formally employed by the Company. A limited amount of employees are employed by other group companies.

ASR Leven and another group insurance entity administer most of the post-employment benefit plans and hold the investments that are intended to cover the employee benefit obligation. However, they do not qualify as plan assets in the consolidated financial statements under IFRS. These assets are therefore accounted for as financial instruments and not as pension plan assets. The qualifying plan assets are measured at fair value at the balance sheet date. For determining the pension expense, the expected return on plan assets is determined using a high quality corporate bond rate identical to the discount rate used in determining the defined benefit obligation.

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

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

Changes in the expected actuarial assumptions and differences with the actual actuarial outcomes are recognised in the actuarial gains and losses included in OCI (component of total equity).

When employee benefit plans are modified and when no further obligations exist, a gain or loss, resulting from the changes is recognised directly in the income statement.

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

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:

(i) The disposal group or group of assets is available for immediate sale in its present condition;

(ii) The Group is committed to a plan to sell these assets and has an active programme to locate a buyer; and

(iii) 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.

Contractual Obligations and Commitments

See "—Liquidity and Capital Resources—Liquidity Management" for a breakdown of liabilities by maturity based on contractual cash flows. For further information, please refer to "The Group's Consolidated Financial Statements as of and for the Year Ended 31 December 2015—Capital Management".

Contingent and Other Off-Balance Sheet Liabilities

In the normal course of business the Group is party to activities whose risks are not reflected in whole or in part in the consolidated financial statements. The Group has various contractual commitments in respect of investments in real property, mortgages and other commitments and guarantees that are not recognised in the balance sheet. For further information, please refer to "The Group's Consolidated Financial Statements as of and for the Year Ended 31 December 2015—Contingent Liabilities and Assets".

The table below presents a summary of the Group's off-balance sheet liabilities as at 31 December 2015.

	As at 31 December		
	2015	2014	2013
	(in millions of euros) (unaudited)		
Off-balance sheet commitments			
Third party guarantees and investment obligations	463	417	591
Real Estate Development guarantees	422	429	465
Facility and ICT	78	27	23
Capital increase ASR Bank	34	34	17
Operational lease	13	10	12
Total off-balance sheet commitments	**1,010**	**917**	**1,108**
Guarantees relating to real estate development projects			
ASR Nederland N.V[(1)].	314	333	328
ASR Vastgoed Ontwikkeling N.V.[(2)]	167	111	101
Other building guarantees	71	41	83
Double guarantees (elimination)[(3)]	(129)	(57)	(47)
Total guarantees relating to real estate development projects	**422**	**429**	**465**

(1) ASR Nederland N.V. has issued two guarantees to the municipality of Utrecht for the Leidsche Rijn Centrum project for a total of €304 million and a guarantee of €10 million to BNG.

(2) This guarantee is issued by ASR Vastgoed Ontwikkeling N.V. for several real estate development projects.

(3) This elimination is performed to eliminate situations where multiple entities in the Group provided the same guarantees relating to the Leidsche Rijn Centrum project and BNG.

The Group leases assets from third parties under operating leases as lessee. The table below sets forth the future rental commitments to be paid under non-cancellable leases as at 31 December 2015.

	As at 31 December 2015
	(in millions of euros)
Within one year	4
1 to 5 years	9
Later than 5 years	—
Total	**13**

The Group expects future rental income from third parties on investment property leases. The table below sets forth the expected future rental income as at 31 December 2015.

	As at 31 December 2015
	(in millions of euros)
Within one year	112
1 to 5 years	311
Later than 5 years	136
Total	**559**

Of the three different hybrid equity instruments issued by the Group, two instruments (first call dates 26 October 2019 and 30 September 2019) are guaranteed by ASR Leven. The third instrument (first call date 30 September 2024) does not contain guarantees from the Group's operating entities. For more information see ("—Hybrid Instruments").

Aside from the foregoing, the Group did not have any significant contingent liabilities and commitments as at 31 December 2015, 2014 and 2013.

INDUSTRY OVERVIEW

Introduction

This chapter presents a general overview of the markets in which the Group is active in the Netherlands. The first section of this chapter provides an overview of the Dutch insurance industry. The second and third sections provide a description of the non-life insurance market and the life insurance market respectively, in which each submarket is discussed separately. A market overview, the competitive landscape, distribution and trends are described for each submarket. The fourth section outlines the Dutch investment management industry. The final section of this chapter provides a brief overview of the Dutch banking industry, focusing on the selected markets in which the Group is active.

Presentation of Certain Market Information

Unless otherwise indicated, in this "Industry Overview" all data relating to the combined ratio of the Dutch insurance market as a whole, certain market segments, sub-segments or individual market participants, including the Group, is presented on the basis of the methodology used by DNB, which differs from the methodology used by Group and presented elsewhere in this Prospectus. For more information, see "Important Information—Market and Industry Information".

Macro Developments in the Netherlands

Demography

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

Economy

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

In the second quarter of 2014, the Dutch economy had recovered such that it was almost the same size as before the financial crisis of 2008. GDP was €663 billion (the thirteenth largest GDP per capita globally) with a growth of 1.9% for the year ended 31 December 2014 (*source: CBS*). GDP growth in the Netherlands was 1.9% for the year ended 31 December 2015 (*source: CBS*). As of 31 December 2015 unemployment was 6.6% (*source: CBS*). S&P expects the Dutch economy to grow 1.7% on an annual basis through 2017 (2014: 0.9% growth) (*source*: S&P 2015). Today, the Netherlands has an AAA rating with all three rating agencies: Moody, Fitch, S&P (*source: S&P, Moody, Fitch*).

Financial Sector

The Dutch financial sector is large (measured by GWP) compared to other EU countries. During the 2008 financial crisis, key banks and insurers were nationalised or received state aid, but the process of re-privatisation has started. As a result of the financial crisis there is increasing attention on transparency, customer care, simpler products and moderate remuneration in the financial sector by regulators, politicians and the general public. As of 1 January 2016, Solvency II regulations came into effect (see "Supervision and Regulation—EU Regulatory Framework—Insurance and Insurance-Related Regulation—Solvency II Directive").

Insurance Industry in the Netherlands

Introduction

In 2014, the Dutch insurance market was the fifth largest in Europe, behind the United Kingdom, France, Germany and Italy (*source: Swiss Re, May 2015*). The Netherlands ranked the third highest in the EU in

2014 in terms of insurance density (*source: Swiss Re, May 2015*) and had the highest GWP per capita in the EU (€4,500) (*source: Verbond van Verzekeraars*). The Dutch insurance market is a mature market, with a GWP as a percentage of GDP of 11.0% (*source: Swiss Re, May 2015*). In 2014, Dutch insurance companies paid out €71 billion in claims to their customers, and received €74 billion in premiums (*source: Verbond van Verzekeraars*). The CAGR of the Dutch insurance market (including health) in terms of GWP amounted to −1.0% between 2010 and 2014, which excludes reinsurance premiums written (*source: DNB*).

The Dutch insurance industry can be divided into two categories of insurance products: (a) life insurance, which comprises group life, individual life and funeral insurance, and (b) non-life insurance which comprises P&C, disability insurance and health insurance. The Group was the fourth largest composite life and non-life (excluding monoline health insurers) insurance provider in the Netherlands measured by GWP in 2014 (*source: DNB*).

The table below sets out a breakdown by insurance segments in the Netherlands in terms of GWP and percentage of total GWP for the years ended 31 December 2014, 2013 and 2012.

	2014[(1)]		2013		2012	
	GWP	**% of GWP**	**GWP**	**% of GWP**	**GWP**	**% of GWP**
	(€ billion, except percentages)					
Life	17.5	23.9%	18.3	24.3%	19.0	25.5%
Non-Life						
P&C and Disability	14.3	19.5%	15.2	20.3%	15.7	21.0%
Health	41.5	56.6%	41.4	55.3%	39.9	53.5%
Total[(2)]	**73.2**	**100.0%**	**74.9**	**100.0%**	**74.6**	**100.0%**

(*source: DNB*)

(1) Since 2014, Allianz has not been part of DNB data and therefore is not incorporated in 2014 market figures. In 2013, Allianz had a total GWP of €0.7 billion in the Netherlands.

(2) Totals may not add up to the sum of their components due to rounding.

Competitive Landscape

The Dutch insurance market is mature, with a few leading insurers in all segments. The table below sets out a breakdown by percentage of total GWP for the years ended 31 December 2014, 2013 and 2012 of the six largest Dutch insurance companies as measured by GWP (excluding health insurance) for this period. Health insurance market shares have been excluded from the table below. Although the health insurance market is the largest insurance market within the Dutch insurance market, some of the largest participants in this market are mono-line insurers (in particular VGZ, CZ and Menzis) and the Group has a relatively small market share in this business.

	2014[(1)]	2013	2012
Market share (excluding health insurance)			
Achmea	17.1%	16.3%	16.2%
NN	15.2%	15.0%	15.8%
Aegon	15.1%	12.9%	10.9%
Delta Lloyd	10.4%	11.7%	11.6%
a.s.r.	10.3%	10.4%	10.9%
VIVAT	9.7%	9.5%	9.8%
Other	22.2%	24.2%	24.8%
Total	**100.0%**	**100.0%**	**100.0%**

(*source: DNB*)

(1) Since 2014, Allianz has not been part of DNB data and therefore is not incorporated in 2014 market figures. In 2013, Allianz had a total GWP of €0.7 billion.

Distribution

The distribution channels for life and non-life insurance include (a) intermediaries (advisers, mandated brokers and actuarial consulting firms), (b) the distribution networks of banks ("**Bancassurance**"),

(c) direct sales, (d) collective insurance partners, such as sports federations and travel agents and (e) other channels such as post offices and retailers.

In all markets except health insurance, intermediaries account for most of the commercial business line volumes and a significant portion of the retail line volumes (*source: am:jaarboek 2015*). The typical ("traditional") intermediary is a small business with a physical office and limited or no online presence. Fifty-two percent of intermediaries are freelancers of which most have annual revenues below €150,000 (*source: am:jaarboek 2015*). Some of the larger intermediaries also operate as mandated brokers and have branded insurance products.

Distribution channels in the Dutch market are in a state of transition. The number of small intermediaries (fewer than 20 employees) has been decreasing (around −3.6% annually since 2011) while number of intermediaries with over 20 employees has remained steady (*source: am:jaarboek 2015*). Drivers and trends currently shaping the market are:

- the decrease in the number of intermediaries, primarily driven by the ban on commissions for complex products in 2013 and the increasing requirements in respect of expertise for advising on financial products (for more information, see "Supervision and Regulation—Insurance intermediaries");
- in addition, these developments have led to an increase in specialisation of the remaining (larger) intermediaries (*source: am:jaarboek 2015*); and
- both insurance companies and intermediaries have been building up their online distribution capabilities. Still, few intermediaries are present online (in 2013: 28%, of which only 60% generated revenue online (*source: am:jaarboek 2015*)).

Non-life Insurance Market

Introduction

The Dutch non-life insurance market (including health insurance) was the fourth largest non-life insurance market in Europe in 2014 measured by GWP, behind Germany, the United Kingdom and France. General insurance density (including health insurance) in the Netherlands measured by GWP per capita was USD 4,393 (€3,631 at the exchange rate of €1 = USD 1.2098 as at 31 December 2014) in 2014 (*source: Swiss Re, May 2015*).

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

The Dutch non-life insurance market is a mature and highly competitive market, with 74 insurance groups active in the non-life market excluding health in 2014, and 9 insurance groups active in the health insurance market in 2014 (*source: DNB*).

P&C

This segment consists of (a) motor (including bodywork and motor vehicle liability), (b) fire (including property damage, natural forces and engineering), (c) transport (goods in transit, railway rolling stock, aircraft and liability for aircrafts), (d) other (liability, miscellaneous financial loss and legal expenses) and (e) credit and bail insurance (the Group is not active in this product category).

Market

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

The table below sets out a breakdown by product category for the Netherlands (excluding health insurance) in terms of GWP and percentage of total GWP for the years ended 31 December 2014, 2013 and 2012.

	2014[1]		2013		2012	
	GWP	% of total GWP	GWP	% of total GWP	GWP	% of total GWP
	(in € billion, except percentages)					
P&C						
Motor	3.9	*36.3%*	4.3	*37.6%*	4.5	*37.8%*
Fire	3.2	*30.1%*	3.4	*29.8%*	3.5	*29.2%*
Transport	0.6	*5.9%*	0.7	*6.5%*	0.8	*7.1%*
Other[2]	2.0	*18.9%*	2.1	*18.4%*	2.2	*18.5%*
Subtotal	**9.8**	**91.1%**	**10.6**	**92.2%**	**11.0**	**92.6%**
Credit and bail insurance	1.0	8.9%	0.9	7.8%	0.9	7.4%
Total[3]	**10.8**	**100.0%**	**11.5**	**100.0%**	**11.9**	**100.0%**

(*source: DNB*)

(1) Since 2014, Allianz P&C has not been part of DNB data and therefore is not incorporated in 2014 market figures. In 2013, Allianz P&C had a total GWP of €0.6 billion. When Allianz is included in the 2014 figures for the same level as 2013 the Dutch P&C market declined with −2.3% CAGR (*source: DNB*), instead of the earlier mentioned −3.2% CAGR.

(2) Excluding credit and bail insurance.

(3) Totals may not add up to the sum of their components due to rounding.

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

The following table shows the combined ratio and its breakdown for the Dutch P&C market (excluding credit and bail insurance) calculated in accordance with DNB methodology for the years ended 31 December 2014, 2013 and 2012 compared to the Group's combined ratio calculated on the same basis.

	For the year ended 31 December		
	2014	2013	2012
Market Average combined ratio[1]	101.6%	100.3%	98.6%
Of which claims ratio	67.0%	67.6%	65.7%
Of which costs ratio	34.6%	32.7%	32.9%
a.s.r. combined ratio	96.3%	100.7%	102.4%
Of which claims ratio	61.9%	66.3%	67.5%
Of which costs ratio	34.4%	34.3%	34.8%

(*source: DNB*)

(1) Market excluding credit and bail insurance; 2014 excluding Allianz as no longer reported as a separate entity in the Dutch market.

The following table shows the P&C combined ratio and its breakdown (excluding credit and bail insurance) for the year ended 31 December 2014 by market participant, based on DNB reported data.

	Motor	Fire	Transport	Other[(1)]
Combined ratio				
a.s.r.	101.3%	94.8%	80.6%	89.0%
Achmea	106.4%	96.9%	84.5%	103.8%
Aegon	108.0%	116.4%	99.7%	98.9%
Delta Lloyd.	115.4%	99.3%	137.8%	84.6%
NN	115.4%	103.6%	108.2%	93.1%
VIVAT	146.5%	119.4%	97.0%	109.2%

(*source: DNB*)

(1) Includes liability, travel and leisure insurance.

Competitive Landscape

The P&C insurance market is competitive, with the top six insurers having a combined market share of approximately 60% and few foreign market participants. In recent years new, specialised market participants and brands have entered the retail P&C segment, often as subsidiaries of larger insurers. The table below sets out a breakdown of the largest insurance companies in the P&C market in the Netherlands in terms of percentage of total GWP for the years ended 31 December 2014, 2013 and 2012.

	2014[(1)]	2013	2012
Market share			
Achmea	23.4%	21.6%	20.8%
Delta Lloyd.	9.8%	9.4%	10.7%
a.s.r.	8.5%	8.4%	9.1%
NN	8.0%	7.6%	7.5%
VIVAT	5.8%	5.5%	5.6%
Aegon	4.6%	4.2%	4.0%
Other	39.9%	43.3%	42.3%
Total	**100.0%**	**100.0%**	**100.0%**

(*source: DNB*)

(1) Since 2014, Allianz P&C is not part of DNB data and therefore not incorporated in 2014 market figures. In 2013, Allianz P&C had a total GWP of €0.6 billion (*source: DNB*).

Distribution

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

	2014	2013	2012	2011	2010
Distribution (portfolio in GWP)					
Intermediaries	80%	79%	79%	80%	78%
Direct	20%	21%	21%	20%	22%

(*source: Verbond van Verzekeraars*)

Trends

- <u>*Changing customer behaviour and commoditisation of retail P&C:*</u> In respect of financial products which are less complex (commoditised), easily comparable and not linked to other financial products (such as mortgages), retail customers increasingly tend to gather information online. After orientation, customers tend to use the intermediary or direct channel for the product purchase.
- <u>*Economic growth and premiums in commercial P&C:*</u> Economic growth increases insured sums in the commercial market. However the current soft market is expected to hamper premium income increase.
- <u>*Growth of market share of mandated brokers and emergence of service providers:*</u> Mandated brokers and service providers increased revenues (a combination of fees and commissions) from €2.1 billion in 2012 to €2.3 billion in 2014 (*source: NVGA*). Service providers accounted for approximately 20% of the total retail P&C insurance portfolio in 2014 (40% via advisers and 40% via mandated brokers) (*source: IG&H*). The growing market share of mandated brokers and service providers stems from their ability to compete on price and to combine products that they offer in a cost efficient way (*source: IG&H Consulting & Interim, July 2013*).
- <u>*Technological disruption:*</u> Technological innovation is impacting non-life insurers. Big data and online servicing can help make processes more efficient (e.g. business rules for underwriting, fraud detection and claim handling), offer more tailored products, adapt pricing and offer better service to customers. In the long-term, technologies such as the automated car can have a disruptive impact on the insurance market by reducing or changing risk and thus the need for insurance, while other developments, such as the need for cyber security, can lead to the formation of new P&C markets.

Disability

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

Market

The overall disability market measured by GWP is 4.8% of total insurance market (*source: DNB*). The table below sets out a breakdown by product category for the Netherlands in terms of GWP and percentage of total GWP for the years ended 31 December 2014, 2013 and 2012.

	2014[1]		**2013**		**2012**	
	GWP	**% of total GWP**	**GWP**	**% of total GWP**	**GWP**	**% of total GWP**
	(in € billion, except percentages)					
Disability						
Disability self-employed (AOV)	1.5	42%	1.6	43%	1.6	42%
Sickness leave	1.3	37%	1.4	38%	1.5	39%
Group disability (WIA/WGA)	0.7	21%	0.7	19%	0.7	19%
Total	**3.5**	**100.0%**	**3.7**	**100.0%**	**3.8**	**100.0%**

(*source: Verbond van Verzekeraars, DNB*)

(1) Since 2014, Allianz Disability is not part of DNB data and therefore not incorporated in 2014 market figures. In 2013, Allianz Disability had a total GWP of €0.1 billion (*source: DNB*).

The combined ratio of the disability insurance market calculated in accordance with DNB methodology was 121.6% in 2012, 107.2% in 2013 and 105.6% in 2014 (*source: DNB*). The peak in 2012 was mainly due to the group disability WGA-ER product, which resulted in market-wide losses for disability insurance companies (for more information, see "Risk Factors—Risks Related to the Group's Business—23. Incorrect assumptions used in pricing products, establishing provisions and reporting business results could have a material adverse effect on the Group's business, revenues, results and financial condition" and "Regulation and Supervision"). The market has been declining in recent years due to the economic downturn along with the 2013 commission ban.

Competitive Landscape

The disability market is mature and concentrated, with the top three market participants controlling 61% of the market in 2014. The Group has a leading position in the disability market with the brand De Amersfoortse. The six largest market participants all provide the full product range (disability self-employed, sickness leave and group disability WIA/WGA).

The table below sets out a breakdown of the largest insurance companies in the disability market in the Netherlands in terms of percentage of total GWP for the years ended 31 December 2014, 2013 and 2012.

	2014[(1)]	2013	2012
Market share			
a.s.r.[(2)]	21.9%	21.1%	20.5%
NN (including Movir brand)	20.0%	19.0%	19.4%
Achmea	19.0%	18.7%	18.7%
Aegon	6.7%	6.6%	5.7%
Delta Lloyd	6.4%	6.9%	6.5%
De Goudse Verzekeringen	6.3%	6.8%	7.6%
VIVAT	3.6%	3.5%	3.4%
Other	16.1%	17.4%	18.2%
Total	**100.0%**	**100.0%**	**100.0%**

(*source: DNB*)

(1) Since 2014, Allianz Disability is not part of DNB data and therefore not incorporated in 2014 market figures. In 2013, Allianz Disability had a total GWP of €0.1 billion (*source: DNB*).

(2) 2011: 21.5% (#1 position); 2010: 21.4% (#1 position).

Distribution

In the disability insurance market most products are distributed primarily through intermediaries. The primary reason for this is that some product categories like sickness leave and group disability can be quite complex. Therefore, customers usually obtain advice before choosing a product. More sophisticated clients sometimes buy disability products via an execution-only structure directly from an insurer, without any advisory service (*source: Verbond van Verzekeraars, MarketConcern*).

Trends

- *Political influence on disability insurance market:* The political landscape in the Netherlands has had an impact on the Disability products offered and the related volume in terms of GWP. In general, a more liberal government tends to allow for a higher level of participation by the private sector in the disability market. The foundations for the current Disability insurance market came into effect as a result of changes in social legislation starting in 1987. There is market potential for further deregulation in regard to Disability products.
- *Legislation (BeZaVa) for group disability:* Currently, there are ongoing political discussions in relation to legislation for group disability to extend employers' liability for temporary employees ("**BeZaVa**"), which is expected to represent a market size of €528 million in 2016 (*source: UWV*). It is expected that this legislation will become effective as of 1 January 2017. For more information see "Supervision and Regulation—Dutch Regulatory Framework—Insurance and Insurance-Related Regulation—Dutch Sickness Absence and Occupational Disability among Sickness Benefit Claimants (Restrictions) Act".
- *Dominant intermediary channel:* Historically, distribution of insurance products in the disability insurance market has primarily been through intermediaries (*source: IG&H Distributiemonitor 2015*). This was mainly driven by the relative complexity of disability insurance products.
- *Disability of self-employed:* The number of self-employed professionals has been increasing by approximately 4% per annum during the past 13 years in the Netherlands (*source: CBS*). To improve accessibility and insurability of the self-employed, the Disability market developed more flexible products to tailor the mix of excess and insurance coverage.
- *Economy:* The disability insurance market is highly dependent on economic developments and changes in legislation. Although the market for disability has been declining in the period 2012-2014, it is

expected that the disability market will benefit from the economic recovery in 2015. Growth in clients and premiums is expected to accelerate if the economic recovery is sustained and fewer bankruptcies, corresponding with higher employment levels and higher wages. Traditionally, the disability market has followed economic developments with a lag time of one or two years. Therefore, it is expected that the disability market will show marginal growth, independently of the effect of the BeZaVa legislation.

Health

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

Market

In 2014, 13.4 million adults in the Netherlands paid for basic coverage. In the same year, 84% of adult Dutch residents paid for supplementary coverage (*source: NZa market analysis 2015, Marktscan van de Zorgverzekeringsmarkt 2015*). The CAGR in terms of GWP of the health insurance market in the Netherlands was 1.3% between 2010 and 2014 (*source: DNB*). In 2015 new legislation transferred an estimated €3.5 billion of healthcare costs from the public system to the private insurance system.

	2014		2013		2012	
	GWP	% of GWP	GWP	% of GWP	GWP	% of GWP
	(€ billion, except percentages)					
Basic health insurance	37.2	89.6%	36.9	89.1%	35.2	88.2%
Supplementary health insurance	4.3	10.4%	4.4	10.9%	4.7	11.8%
Total	**41.5**	**100.0%**	**41.4**	**100.0%**	**39.9**	**100.0%**

(*source: DNB*)

The average combined ratio of Dutch health insurers calculated in accordance with DNB methodology amounted to 97.1% in 2012, 96.9% in 2013 and 98.1% in 2014 (*source: DNB*).

Competitive Landscape

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

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

The table below sets out the breakdown of the largest insurance groups in the health insurance market in the Netherlands in terms of percentage of total GWP for the years ended 31 December 2014, 2013 and 2012.

	2014	2013	2012
Market share			
Achmea	31.9%	32.0%	32.8%
VGZ	25.3%	25.4%	24.5%
CZ	20.1%	20.2%	20.1%
Menzis	13.0%	12.7%	13.4%
DSW	2.7%	2.6%	2.6%
Z&Z	2.5%	2.6%	2.5%
ONVZ	2.4%	2.4%	2.1%
a.s.r.[1]	1.5%	1.5%	1.4%
Eno	0.7%	0.7%	0.6%
Total	**100.0%**	**100.0%**	**100.0%**

(*source: DNB*)

(1) 2011: 1.1% (#8 position); 2010: 1.1% (#8 position).

Distribution

Consumers in the Netherlands have two options to take out health insurance: individually or through a collectively agreed scheme. Products are sold via, for the most part, healthcare collectives with employers, customer groups and unions, which together represent approximately 6.5 million insured (69% of the collective health insurance market) (*source: NZa, Verzekerd van Cijfers*). Health insurance products for employers making arrangements for their employees are distributed through intermediaries and the direct channel. Health insurance products in the retail segment are primarily distributed through the direct channel (including aggregators) (*source: NZa, Verzekerd van Cijfers*). During the last four years, the distribution mix has remained fairly stable with the direct channel accounting for >80% of volume (*source: NZa, Verzekerd van Cijfers*), with advisers' share of distribution in a high single-digit range and banks' share in the low single-digit range. Aggregators account for the vast majority of direct individual sales (*source: Independer*).

Trends

- Strong political influence on the health insurance market: The core principle of the Dutch healthcare system is to provide good access for all residents, however, at the same time healthcare expenses are growing due to the ageing population, technological advancements and increasing costs of medicine. The Dutch government is continuously reorganising and optimising the healthcare system, with new legislation aimed at improving quality and reducing costs. Key initiatives of the Dutch government include:
  - cost control, quality improvement and a volume shift towards insurers. Technology companies, healthcare providers and insurers alike are pushing for innovation and the use of the internet in the health sector, which is expected to contribute to higher quality and lower cost. In 2015 new legislation transferred an estimated €3.5 billion of healthcare costs from the public system to the private (insurance) system (*Zorgwijzer*);
  - increased risk for health insurers due to changes in the government-run system of risk equalisation; and
  - mandatory excess ("own risk") for insured rises slightly every year.
- *Increasingly informed customers:* Consumers are price sensitive due to price transparency and enforced standardisation of health insurance (*basispakket*). Consumers seek a balance between freedom of choice in healthcare provider selection and lower premiums if limitations apply.
- *Health insurers seeking differentiation:* Differentiation occurs across various factors: e.g. healthcare commissioning, new propositions, additional services and marketing. From 2010 to 2015 the number of basic health insurance labels has risen from 52 to 70, while the number of insurance groups owning these

labels (nine) has not changed (*source: DNB, Independer*). In addition, health insurers are increasingly investing in infrastructure and in technology.

Life Insurance Market

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

The Dutch life insurance market was the 13th largest life insurance market in Europe in 2014 measured by GWP, accounting for 2.2% of the European life insurance market (*source: Swiss Re, May 2015*). Life insurance density in the Netherlands measured by GWP per capita was USD 1,296 (€1,071 converted at the exchange rate of €1 = USD 1.2098 as at 31 December 2014) in 2014 (*source: Swiss Re, May 2015*). The Netherlands has the 14th highest life GWP per capita in Europe, excluding premiums paid into non-commercial pension funds/schemes (*source: Swiss Re, May 2015*). The GWP of the life insurance market in the Netherlands amounted to €17.5 billion in 2014, and the life insurance market represented 23.9% of the total Dutch insurance market (*source: DNB*). Total assets of life insurers amounted to €436 billion at 31 December 2014 (*source: DNB*). The CAGR in terms of GWP of the life insurance market in the Netherlands was −5.1% between 2010 and 2014 (*source: DNB*). With an 8.8% market share in 2014, the Group was the sixth largest insurer in the life insurance market (*source: DNB*).

The market for life insurance can be split between group life, individual life and funeral insurance. The table below sets out a breakdown by life insurance policies in terms of GWP in the Netherlands for the years ended 31 December 2014, 2013 and 2012. GWP in respect of funeral insurance are part of Individual Life, but only to the extent these policies are in capital (and not in kind). Furthermore, the table below excludes IORP GWP of €380 million, €112 million and €11 million in 2014, 2013 and 2012, respectively.

GWP

	2014	2013	2012
		(€ billion)	
Life insurance			
Group(1)	8.7	8.6	7.9
Individual(2)	8.7	9.7	11.1
Total(3)	**17.5**	**18.3**	**19.0**

(*source: DNB*)

(1) The group life insurance business within the Group is organised as the Pensions business line.

(2) The individual life insurance business within the Group is split between the Individual life and Funeral business lines.

(3) Totals might not add up to the sum of their components due to rounding.

Group life

The Dutch pension system consists of four pillars: (a) a mandatory state pension scheme ("**Pillar 1**"), (b) employer-based pension schemes ("**Pillar 2**"), (c) voluntary pension facilities with fiscal benefits ("**Pillar 3**") and (d) voluntary pension facilities without fiscal benefits ("**Pillar 4**"). Insurance companies only offer products from Pillars 2, 3 and 4.

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

Market

Pillar 2 consists of employer-based pension schemes. In 2014, Dutch insurance companies had a 20% market share of the Dutch pension market, generating €8.7 billion measured by GWP and representing approximately €200 billion of AuM (*source: DNB, CVS*). Industry-wide pension funds and company pension funds held 78.5% market share in 2014, accounting for €33.7 billion measured by GWP in 2014 and representing €1,133 billion of AuM (*source: DNB, CVS*). IORPs accounted for the remaining 1.5% market share. GWP in the group life market has grown by 3.9% per year between 2010 and 2014, mainly due to the transfer of assets from smaller and liquidated pension funds to commercial insurance companies

(*source: DNB*). These assets are reflected in GWP as single premiums, which have shown a strong increase between 2012 and 2014 (*source: DNB*). Recurring unit-linked premiums have decreased due to changes in regulation (for more information, see "Supervision and Regulation—Insurance and Insurance—Related Regulation—Pensions") and the success of IORPs. In 2014, the IORP GWP had grown to €380 million, from €112 million in 2013 and a level of €11 million in 2012 and representing approximately €500 million of AuM in 2014 (*source: DNB, CVS*). The table below sets out a breakdown of the split between traditional and unit-linked policies in terms of GWP for the years ended 31 December 2014, 2013 and 2012.

	2014		2013		2012	
	GWP	% of GWP	GWP	% of GWP	GWP	% of GWP
	(€ billion, except percentages)					
Group life[1]	8.7	100%	8.5	100%	7.9	100%
Traditional[2]	5.2	60%	4.8	56%	3.7	47%
Recurring premium	2.1	24%	2.0	24%	2.0	25%
Single premium	3.1	36%	2.8	33%	1.7	22%
Unit-linked[3]	3.5	40%	3.7	44%	4.2	53%
Recurring premium	2.5	57%	3.0	35%	3.1	39%
Single premium	1.1	13%	0.7	8%	1.1	14%

(*source: DNB*)

(1) Totals might not add up to the sum of their components due to rounding.

(2) The Group refers to these products as defined benefits.

(3) The Group refers to these products as defined contributions.

Competitive landscape

The combined market share measured by GWP of the top six providers of group life insurance was approximately 99% in 2014 (*source: DNB*). With respect to pensions, the large insurers differ from each other in their product focus, specialising in DB, DC, IORP and/or APF. The table below sets out a breakdown of the largest life insurance companies in the Netherlands (and their group life business) in terms of percentage of total GWP for the years ended 31 December 2014, 2013 and 2012.

	2014[1]	2013	2012
Market share[2]			
Aegon	37.0%	31.4%	26.4%
NN	17.5%	17.4%	20.6%
Delta Lloyd	14.5%	19.1%	15.6%
VIVAT	11.8%	12.5%	15.0%
Achmea	10.6%	9.6%	10.8%
a.s.r.[3]	7.2%	8.1%	9.3%
Other	1.5%	1.8%	2.3%
Total[4]	**100%**	**100%**	**100%**

(*source: DNB*)

(1) Based on recurring premiums, the market share of Aegon was 22%, NN 21%, Delta Lloyd 16%, VIVAT 17%, Achmea 11%, a.s.r. 11% and other 22%.

(2) Excluding IORPs.

(3) 2011: 6.2% (#6 market position); 2010: 7.0% (#6 market position).

(4) Totals might not add up to the sum of their components due to rounding.

Distribution

Group life products are mainly distributed through the intermediary channel, in particular by a limited number of intermediaries. The pension intermediary market is consolidating, and the number of pension intermediary firms decreased from 2,700 pension intermediary firms in 2012 to 1,076 firms in 2014 (*source: AFM*). Actuarial intermediary firms, auditors and branded specialists (e.g. Willis Towers Watson, Aon,

Mercer) are the main channels for corporate clients while small insurance advisory businesses are mainly used in the SME market.

Trends

- *Economy:*
  - Increased capital requirements have been put in place and there is a limited ability to absorb market risk due to low interest rates and longevity risk. This has led to a market shift from the more capital-intensive DB products to capital-light DC and APF products.
- *Legislation:*
  - *Pension reform in the Netherlands, with further future reforms expected:* The Netherlands, like many other mature markets, is facing the economic consequences of an ageing population. To handle this issue, the Dutch government gradually extended the retirement age for occupational pensions from 65 to 67 in 2014, and linked it to life expectancy thereafter. In addition, fiscal support for the accumulation of pension benefits has been reduced. One of the consequences is an expected increase in demand for individual pension schemes in Pillars 3 and 4, as employer-paid pensions are likely to decrease in the future.
  - *Introduction of APF:* APF was introduced on 1 January 2016 (*source*: *Staatsblad van het Koninkrijk der Nederland*) with licensing of APF vehicles expected in the second quarter of 2016 (*source: DNB*). While APFs are independent, they will enable insurers to serve companies which now have a company pension scheme (total €301 billion AuM). Insurance companies can generate fees by offering services to newly formed APF foundations, such as administrative and asset management services (see "Supervision and Regulation—Dutch Regulatory Framework—Insurance and Insurance-Related Regulation—Pensions").
  - *Tightening regulation:* Tightening regulation drives smaller pension funds either into consolidation or into insurance.
- *Market:*
  - *Shift from defined benefit pension schemes towards defined contribution pension schemes:* Traditional Dutch group pension schemes are defined benefit pensions offering investment guarantees to employees. As a result of low interest rates, longevity risk and capital requirements under IFRS accounting rules, demand for defined benefit pension schemes is under pressure and defined contribution pensions are becoming an increasingly attractive alternative. Companies are looking for more affordable defined contribution alternatives which result in less volatile financial results for the employer. After the introduction of IORPs in 2011, IORPs have taken a significant portion of defined contribution premiums. IORP GWP levels grew from €11 million in 2012 to €380 million in 2014 (*source: DNB*). As part of the shift of the market from existing products to new products such as DC (including IORP) and APF, insurers face a shift of active participants to inactive participants in their existing books. These existing books will need to be managed on costs, as the rights of the inactive participants and related assets will last for many years.
  - *Pension funds liquidating and moving to insured solutions:* Increasing regulation of pension funds, intended to ensure that pension funds comply with minimum coverage ratios, has resulted in stricter requirements on funding and governance. As a result small- and medium-sized pension funds are rapidly consolidating or are being liquidated.

Individual Life

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

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

Market

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

New production has decreased from €822 million APE in 2010 to €325 million APE in 2014 (CAGR −20%) (*source: Verbond van Verzekeraars*). While natural and unnatural lapses are larger than new production, GWP decreased over time.

The table below sets out the breakdown by premium type for the product category individual life in terms of GWP in the Netherlands and percentage of total GWP in the Netherlands for the years ended 31 December 2014, 2013 and 2012.

	2014		2013		2012	
	GWP	% of GWP	GWP	% of GWP	GWP	% of GWP
	(€ billion, except percentages)					
Individual life	8.7	100.0%	9.5	100.0%	11.1	100.0%
Traditional	5.6	64.4%	6.2	65.3%	7.2	64.9%
Recurring premium	3.7	42.5%	4.0	42.1%	4.1	36.9%
Single premium	1.9	21.8%	2.2	23.2%	3.1	27.9%
Unit-linked	3.1	35.6%	3.3	34.7%	3.7	33.3%
Recurring premium	2.8	32.2%	3.1	32.6%	3.5	31.5%
Single premium	0.3	3.4%	0.2	2.1%	0.2	1.8%

(*source: DNB*)

Competitive Landscape

The combined market share measured by GWP of the top six providers of individual life insurance was approximately 78% in 2014 (*source: DNB*). The table below sets out a breakdown of the largest individual life insurance companies in the Netherlands in terms of percentage of total GWP for the years ended 31 December 2014, 2013 and 2012.

	2014	2013	2012
Market share(1)			
NN	20.0%	20.1%	19.9%
VIVAT	15.0%	13.7%	12.9%
Achmea	14.9%	15.0%	14.2%
a.s.r.(2)	10.5%	10.1%	10.5%
Aegon	9.4%	9.3%	9.1%
Delta Lloyd	8.7%	9.8%	11.4%
Other	21.5%	21.9%	22.0%
Total	**100%**	**100%**	**100%**

(*source: DNB*)

(1) Including Funeral insurance capital.

(2) 2011: 12.4% (#4 market position); 2010: 14.8% (#3 market position).

Distribution

In the Netherlands, individual life insurance products are sold through intermediaries (including advisers), Bancassurance, direct and other channels. The intermediary channel is the main distribution channel for individual life products and accounted for approximately 55% of life insurance GWP in 2014 (*source: Verbond van Verzekeraars*). The number of intermediaries declined as a result of the introduction of a prohibition on commissions for intermediaries (see "Supervision and Regulation—Insurance intermediaries"). The direct channel for term life (26% in 2014) (*source: Verzekerd van Cijfers*) is growing.

Trends

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

- *Market:*
  - *Ongoing decline of the traditional and unit-linked markets:* The ongoing decline of the traditional and unit-linked markets is expected as a result of multiple factors (see "Risk Factors—Regulatory/Legal and Compliance Risks—41. Holders of the Group's products where the customer bears all or part of the investment risk, or consumer protection organisations acting on their behalf, have filed claims or proceedings against the Group and may continue to do so. This litigation and/or actions taken by regulators or governmental authorities against the Group or other insurers in respect of these products (including unit-linked life insurance products), settlements, collective or otherwise, or other actions taken by other insurers and sector-wide measures could substantially affect the Group's insurance business and, as a result, may have a material adverse effect on the Group's business, reputation, revenues, results, solvency and financial condition" and "Business—Legal Proceedings—Dutch Unit-Linked Products"). The market is returning to simple risk products. The demand for term life is expected to grow due to a foreseen recovery of the housing market.
  - *Increasing price transparency for term life:* Due to new entrants in term life and competition from incumbents, increasing price transparency is expected.
  - *Individual life closed books:* Many of the Dutch insurers consider their individual life books as closed books and are looking for ways to manage individual life portfolios in a cost efficient way; most continue to manage their own portfolios, but especially the smaller market participants may experience scale issues. The uses of BPO and ITO to reduce costs and make costs more flexible are being analysed by several insurers. Further consolidation is expected.
- *Legislation and economy:*
  - *Returns on existing portfolios under pressure:* Increasing capital requirements and low interest rates pose a challenge for making required returns on the existing portfolio.
  - *Positive effect low interest rates on lapse and retention rates:* Low interest rates on savings have a positive effect on lapse rates and retention rates as customers profit from relatively good returns on both nominal and unit-linked policies. In addition, customers are less price-sensitive at expiration of insurance products and generally choose the ease of dealing with the insurer over price.
- *Customers:*
  - *Change in customer demand:* Customers want more and direct service from insurers, including information on existing or new products or advice. Good service is an important condition for customers to remain with their insurers and is therefore an important driver for retention rates.

Funeral

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

Market

Approximately 70% of the adult Dutch population has funeral insurance and average premium levels vary from €5 to €15 per month (*source: Dutch aggregator websites*). Of this 70%, approximately 50% are considered to be underinsured as a result of non-indexing. New business levels are low, mainly as a result of lower appetite for this product with younger generations, the intermediary commission ban (incentive for sale removed) and cost for advice is high in comparison to monthly premium level (*source: am:jaarboek 2015, company information from Dela and Monuta*). Funeral insurance is characterised by low premium levels, predictable cash flows and relatively stable portfolios.

Competitive landscape

The Dutch funeral market is a mature market with over 90% of the open book market controlled by five market participants. Only two large generalist Dutch insurance companies are currently offering funeral

insurance, though more used to do so. A large part of the funeral insurance market comprises insurers who offer funeral insurance with in-kind benefits supporting their funeral services business.

New entrants are not expected in the short-term and further consolidation is expected, as market participants seek economies of scale. Intermediaries are selling portfolios rights, and the amount of smaller specialist market participants is expected to decrease (26 market participants with GWP below €7 million, of which 19 have GWP below €1 million) (*source: am:jaarboek 2015, company websites*).

	Market shares	GWP	Capital offering	Funeral service offering	In-kind offering
	(in %)	(in € million)			
Market shares and offerings (based on majority of business)[(1)]:					
Dela (including premiums from other products offered by funeral-focused insurers)	43.0%	340	X	X	X
a.s.r.[(2)]	24.0%	189	X		X
Monuta	17.7%	140	X	X	X
Yarden	8.1%	64	X	X	X
Other (26 market participants of which 19 have GWP below €1 million)	7.1%	56	X	X	X
Total	**100.0%**	**789**			

(*source: am:jaarboek 2015, based on 2014 GWP figures, adjusted by the addition of Ardanta's 2014 GWP of €109 million*)

(1) Funeral insurance only, market share of life insurance in general provided under "Industry Overview—Life Insurance market—Individual Life".

(2) Including Axent and NIVO. See "Important Information—Market and Industry Information".

Distribution

Historically, nearly all funeral policies were sold through intermediaries. In recent years direct sales have seen a strong increase (*source*: *Verzekerd van Cijfers 2015*). In addition to obtaining new customers, insurers also generate new business through fulfilling their "duty of care" to their in-force underinsured customer base (e.g. increase insured sum).

Trends

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

- *Decrease in and change of customer demand:* Overall new production levels are expected to decline, as many customers are not willing to pay for advice on funeral insurance and as new generations show limited interest for the product. Economic recovery and higher wages could slightly soften the overall downward pressure on demand. Retention of existing customers by increasing the customer satisfaction becomes therefore more and more important.

- *Shift to direct channel:* As customers are reluctant to pay for intermediary advice, insurers are starting to promote their direct offering to compensate for the loss of intermediary volume.

- *Consolidation:* Another trend in the funeral market is the consolidation of portfolios to reduce the costs per policy in particular as some large insurers have moved funeral to closed book and hence are looking to lower the cost of portfolios. Furthermore, there are a number of insurers with sub-optimal scale (approximately 19 Dutch funeral insurers, who have less than €1 million GWP).

Dutch Investment Management Industry

Introduction

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

Products

Discretionary mandates represented approximately 85% (approximately €400 billion of AuM) of the Dutch investment management industry at 31 December 2013, while investment funds represented 15% (approximately €70 billion of AuM) (*source: EFAMA Asset Management Report, April 2015*).

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

Competitive Landscape

The table below sets out a breakdown by market share of the largest Dutch retail mutual investment funds in terms of percentage of total AuM at 31 December 2014, 2013 and 2012.

	At 31 December		
	2014	**2013**	**2012**
Market share			
1. NN Investment Partners	12.5%	13.2%	13.8%
2. Robeco	10.0%	9.9%	12.4%
3. Aegon	9.7%	9.7%	10.0%
4. Delta Lloyd Asset Management	6.2%	6.6%	6.5%
10. a.s.r. asset management[(1)]	3.8%		

(*source: AF Advisers Q4 2014*)

(1) Not available for 2013 and 2012.

Distribution

The customer categories of the Dutch market serviced by the investment management industry consist of institutional investors and retail customers. For investment funds, customers also include institutional investors and retail customers. Institutional investors include insurance companies, pension funds, banks and others. Dutch pension funds are among the largest pension funds in the world, investing worldwide and applying a wide range of modern investment techniques. Retail banking is the dominant distribution channel for investment funds, representing around 80% of Dutch fund assets (*source: EFAMA Asset Management Report, April 2015*). The other 20% is distributed amongst insurance companies, private banks and brokers (*source: EFAMA Asset Management Report, April 2015*).

Trends

The key trends in the investment management industry are outlined below and are generally global:

- *Institutionalisation of the customer base:* In the European investment management industry, the market share of institutional customers on investment managers' books increased from 69% in 2007 to 74% in 2014 (*source: Statista*). Since the financial crisis, there has been a gradual decrease in investment managers securing business directly from retail customers. This development reflects a growing tendency towards the institutionalisation of the customer base of the investment management industry. Retail customers have continued to make use of insurance companies and pension funds to fund their retirement long-term savings needs, whilst reducing their direct exposure to investment risks. Simultaneously, insurance companies and pension funds have increasingly used the expertise of the investment management industry to manage the assets entrusted to them.
- *Increased market share of cross-border funds:* The UCITS Directive has allowed investment managers to operate more internationally and has facilitated the cross-border exchange of investment management products. For investment managers, it is efficient to distribute funds domiciled in one country across the border to other distribution countries. The UCITS Directive passport has not just been seen as a European fund passport, but also as a global one. UCITS are recognised and distributed outside of the European Economic Area ("**EEA**") in Asia, Latin America, Central and Eastern Europe and the Middle East. As a consequence of the growth of guided and open-architecture fund distribution, and supported by regulation, the market share of funds offered on a cross-border basis has increased at the expense of funds domiciled locally. The combined market share of the two largest cross-border domiciles for fund

distribution (Luxembourg and Ireland) has increased from 28.3% in 2004 to 40.8% as of June 2013 (*source: EFAMA Asset Management Report, June 2013; Lipper FMI Statistics*).

- *New regulations offer new business opportunities:* While investment management companies must on the one hand adjust to comply with the new regulations, in some cases new regulations also offer new opportunities for investment managers. For example, the withdrawal of banks from certain areas of capital markets is creating opportunities for asset managers to fill the gaps as other investors, such as pension funds and insurance companies, are showing interest in providing such loans and can use asset managers to manage such portfolios. The EC, which is expected to facilitate this transition, intends to introduce new regulations regarding European long-term investment funds. Moreover, Solvency II represents an opportunity for asset managers with in-depth Solvency II knowledge to fulfil such customer needs through new intermediary products and services (*sources: EC press release; KPMG Note Solvency II*). Asset management activities provide a capital light source of revenue.
- *Passive management increases market share:* Passive management (through a combination of index funds and exchange traded funds) has become more popular with institutional and retail investors. Passive management accounted for 12% of the European fund market in December 2014 (compared with 5% in June 2008) (*source: Morningstar*). In addition, the number of "enhanced" or near-index strategies has increased substantially.
- *Corporate Social Responsibility ("**CSR**"):* Integrating CSR in the investment process is increasing in popularity, as customers of asset managers (pension funds, insurers and banks) and consumers demand ethical and transparent investment policies from asset managers.

Dutch Banking Industry

Introduction

Measured by the share of total assets of the five largest banks, the Netherlands has the fifth highest banking sector concentration in the Eurozone. The sector is dominated by ABN AMRO, ING and Rabobank which hold a joint market share of over 75% (*source: DNB annual report 2014*).

Dutch Retail Savings Market

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

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

Dutch Residential Mortgage Market

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

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

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

Trends

- *Introduction of legislation to temper interest-only and high loan to value ("**LTV**") mortgage lending:* In January 2013, measures were implemented to discourage interest-only and high LTV mortgage lending in order to improve stability in the Dutch housing market, to reduce private household debts, and to reduce the government budget deficit. These measures require that new mortgage loans are repaid on an annuity or linear basis within 30 years to qualify for tax deductibility on mortgage interest and that the maximum LTV ratio for new mortgage loans, which was set at 105% in 2013, will be reduced annually until 100% in 2018 (*source: CBS*).
- *Standardisation of products and services:* Financial and market regulators and financial institutions are increasingly focusing their attention to customer suitability when offering new financial products to individuals. Triggered by several cases whereby customers were unaware of the downside risks associated with a product, there is now an increasing trend towards more transparent and standardised products. This standardisation of products will also allow easier straight through processing. Developments in mortgages, savings and investment products are increasingly technology-driven.
- *Online channel:* Increasing demand by customers for direct and online contact, which is being addressed via the online channel and direct customer services.
- *Low interest rates:* Interest rates on existing variable mortgages and on new mortgage applications have dropped significantly during the financial crisis, as a result of the ECB actions to lower interest rates. Average variable rates dropped from more than 5% in 2008 to below 3% from 2012 onward, while the interest rates on fixed mortgages have decreased as well (*source: De Hypotheker*). It is expected that interest rates will remain low as long as ECB rates remain at the current levels.

BUSINESS

Overview

The Group is the second largest Non-life (excluding health insurance) and the sixth largest Life insurance provider in the Netherlands, as measured by GWP in 2014, which is the latest period for which public information is available (*source: DNB*). The Group plans to continue to focus its insurance business on, in respect of its Non-life activities, P&C, Disability and Health insurance and, in respect of its Life activities, Pensions, Individual life and Funeral insurance, as well as the distribution of insurance products. The Group also offers certain banking and investment products and asset management services. Except for servicing a small Belgian funeral insurance portfolio, the Group operates exclusively in the Dutch market.

In 2015, the Group recorded GWP of €4,092 million and an operating result (before tax) from continuing operations of €521 million.

The Group's roots go back to 1720 with the foundation of '*N.V. Maatschappij van Assurantie, Discontering en Beleening der Stad Rotterdam anno 1720*' which on 21 June 1720 became the first listed insurance company in the Netherlands. The current company was formed in 2000 by the acquisition of ASR Verzekeringsgroep by the Fortis group. In the autumn of 2008, following the financial difficulties of the Fortis group and to prevent further disruption to the Dutch economy, the Dutch State acquired the Dutch entities of the Fortis group and caused Fortis to spin off Fortis Verzekeringen Nederland N.V., which now operates as ASR Nederland N.V. Although ASR Nederland N.V. was acquired by the Dutch State as a result of the nationalisation of the Fortis group, the Group has never received state aid.

On 29 September 2011, the Dutch State transferred all of the Shares to NLFI in exchange for depositary receipts for those Shares. NLFI is responsible for managing the Shares and exercising all rights associated with these Shares under Dutch law, including the voting rights. See "Shareholder Structure and Related Party Transactions" for more information about the Group's arrangements with NLFI and the Dutch State. Since the date of nationalisation, the Dutch Minister of Finance has indicated that the investment was intended to be temporary and that the Group was to be returned to the market as soon as reasonably possible. In November 2015, NLFI and the Dutch Minister of Finance concluded that all conditions for the privatisation of the Group had been met. In the following parliamentary debate in January 2016, the Dutch Parliament agreed to the exit strategy proposed by the Dutch Minister of Finance based on the advice of NLFI, after which the Dutch Minister of Finance formally asked NLFI and the Company to start the sale process through an IPO. For more information see "Reasons for the Offering".

The Group's operations are divided into six operating segments, including five core segments (Non-life, Life, Banking and asset management, Distribution and services, and Holding and other) and its Real estate development segment, which is in run-off. In the past, the Group's business mix shifted from being predominantly a Life-dominated business to having a greater focus on its Non-life business as measured in terms of GWP, and the trend has continued in recent years. Life GWP in 2013 was 42.5% of the Group's GWP, compared with 39.2% in 2015, excluding the effect of a large single-premium buy out of €370 million in 2015. The GWP of Life in 2015, including the effect of the large single-premium buy out, was 44.7% of the Group's GWP.

Non-life: The Non-life segment is the Group's largest segment measured by GWP and comprises all types of Non-life insurance policies offered by the Group, which are organised into three insurance product lines: P&C, Disability and Health. The Group was the third largest provider of P&C, the largest provider of Disability and the eighth largest provider of Health insurance products in the Netherlands in 2014 measured by GWP (*source: DNB*). In 2015, the Non-life segment accounted for 32.4% of the Group's operating result (before tax) and recorded €2,350 million in GWP, representing 57.4% of the Group's GWP. As at 31 December 2015, the equity of the Non-life segment amounted to €1,130 million.

Life: The Life segment comprises three insurance product lines: Pensions, Individual life and Funeral. The Group was the sixth largest provider of Pensions, the fourth largest provider of Individual life (*source: DNB*) and the second largest provider of Funeral insurance products (including Axent and NIVO) in the Netherlands in 2014 measured by GWP (*source: am:jaarboek 2015, based on 2014 GWP*). In 2015, the Life segment accounted for 83.3% of the Group's operating result (before tax). The Life segment recorded €1,828 million GWP, representing 44.7% of the Group's GWP, and €92 million of new business measured by APE in 2015. As at 31 December 2015, the equity of the Life segment amounted to €3,678 million.

Banking and asset management: The Banking and asset management segment comprises retail savings and investment services provided by ASR Bank N.V. and the Group's asset management and real estate

asset management businesses, as well as mortgage lending services provided to retail customers and as part of the asset management services of the Group. The mortgage lending activities are originated by ASR Levensverzekering N.V. (the life segment), but serviced by ASR Hypotheken B.V., which is part of the Banking and asset management segment. The Banking and asset management segment is a relatively small part of the Group. In 2015, it accounted for 2.3% of the Group's operating result (before tax). As at 31 December 2015, ASR Bank N.V. was responsible for total AuM of €1,652 million. As at 31 December 2015, ASR Vastgoed Vermogensbeheer B.V. (real estate investment management) was responsible for total AuM of €4,215 million (of which €2,896 million was for the Group's own account). As at 31 December 2015, ASR Nederland Beleggingsbeheer N.V. (investment manager for external clients) was responsible for total AuM of €6,290 million, all for third parties. As at 31 December 2015, ASR Hypotheken B.V. (mortgages) was responsible for total AuM of €6,522 million, all for the Group's own account. As at 31 December 2015, the equity of the Banking and asset management segment amounted to €82 million.

Distribution and services: The Distribution and services segment of the Group comprises the operations involving the distribution of insurance products as well as additional services provided to intermediaries and policyholders, including outsourced services such as the provision of certain back-office functions. The Group believes that these services are synergistic to its Non-life insurance activities. The Distribution and services segment (not taking into account the results of SOS International which is treated as discontinued operations) accounted for 0.6% of the Group's operating result (before tax) in 2015. As at 31 December 2015, the equity of the Distribution and services segment amounted to €53 million not taking into account SOS International which was sold in the first quarter of 2016.

Holding and other: The activities of the Holding and other segment consist primarily of the holding activities of the Group (including audit, group finance, group risk management, group balance sheet management, corporate communication and marketing) and other holding and intermediate holding companies, minority stakes in other businesses, as well as of certain pension obligations towards the Group's employees, though most pension related costs are allocated to the relevant business segment. In addition, the Holding and other segment serves as the employer for the Group's employees, but employment related costs, other than for employees that perform primarily holding-related activities, are generally downstreamed to the relevant business. A portion of the costs incurred by the Holding and other segment are recharged to the relevant segments, in proportion to where employees perform services or where activities are performed. The Holding and other segment is a cost centre and its negative contribution to the Group's operating result (before tax) in 2015 amounted to a loss of €93 million. As at 31 December 2015, the equity of the Holding and other segment amounted to €(655) million.

Real estate development: The Real estate development segment (other than the discontinued operations) is in run-off and consists primarily of the Group's Leidsche Rijn Centrum project (including commitments and guarantees in respect thereof) and the Centrum Plan Waddinxveen project. The Group's other real estate development activities are classified as discontinued operations for all periods shown herein and are not included in the results of the Real estate development segment. The Group considers the activities of the Real estate development segment as non-core and currently intends to develop the segment's projects to their completion or dispose of the remaining activities or individual projects if it can do so on commercially attractive terms while not commencing any new projects. In April 2016, the Group sold part of the real estate development activities classified as discontinued operations. For more information, see "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations". The results of the Real estate development segment are not reflected in the Group's operating result as the operations are in run-off. In 2015, the negative contribution of the Real estate development segment to the Group's profit (before tax) amounted to a loss of €93 million. As at 31 December 2015, the equity of the Real estate development segment amounted to €(16) million.

The table below sets out GWP and net insurance claims and benefits for the Non-life and Life operating segments, as well as operating result (before tax) and allocated equity (as at period-end) for each of the Group's operating segments for the year ended 31 December 2015.

	For the year ended 31 December 2015			
	GWP	**Net insurance claims and benefits**	**Operating result (before tax)**	**Allocated equity (at year-end)**
Non-life	2,350	(1,666)	169	1,130
Life	1,828	(3,726)	434	3,678
Banking and asset management	n/a	n/a	12	82
Distribution and services	n/a	n/a	3	53
Holding and other	n/a	n/a	(93)	(655)
Real estate development	n/a	n/a	—	(16)
Eliminations	(86)	142	(4)	(13)
Total	**4,092**	**(5,250)**	**521**	**4,259**

Mission, Strengths and Strategy

Mission

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

- *As insurer for customers:* The Group is deeply integrated in the Dutch society and is committed to understand customer needs. It aims to offer its customers peace of mind by offering risk management and wealth accumulation products designed to secure customers' financial stability and to protect customers against risks that they do not want or are not able to bear. The Group considers customers' trust essential to its business and values the strength of independent third-party advice reflected in the strong position of the Group in the intermediary channel. In order to strengthen customer trust, the Group intends to continue its focus on product transparency, clear customer communication and excellent client service;
- *The financial institution:* The Group aims to be a financially reliable and stable institution with a strong solvency position to fulfil its long-term obligations and commitments to all stakeholders. The Group believes that a solid financial position will enable it to meet both its short- and long-term obligations towards customers and shareholders. The Group believes that its "value over volume" philosophy will help secure long-term value creation;
- *A people-focused employer:* The Group aims to employ highly skilled (in terms of expertise and experience) personnel and to attract and retain new talents. The Group intends to offer its employees a stimulating and inspiring work environment and to enable them to develop, extend and evolve their skills. As a people-focused employer, the Group aims to offer a highly adaptable and flexible structure and to demonstrate a drive to execute;
- *Part of society:* The Group aims to be socially responsible for the benefit of society at large and its customers in general and towards vulnerable groups in particular. The Group's strives to reflect its view on social responsibility in its HR policy (e.g. employing (partly) disabled young workers), its investment policy, its working environment ("Next Generation of Working") and its environmental policy.

Strengths

The Group believes that it has the following competitive strengths, which it believes position it to fulfil its mission and successfully execute its strategy.

Strong Solvency Position Supported by High Quality Capital

The Group believes that it is well capitalised with a high quality Solvency II ratio of approximately 185%, after the proposed dividend (mid-point estimate based on range of 175%–195% using the standard formula), calculated as at 31 December 2015. The Group believes that the regulated non-life and life companies within the Group are also strongly capitalised (for more information please see "Operating and Financial Review—Capital Requirements—Solvency II"). Solvency II ratios have been calculated using the standard formula. Although the Group does not disclose quarterly Solvency II ratios, it estimates that the Solvency II ratio as at 31 March 2016 will be within the same bandwidth as the Solvency II ratio as at 31 December 2015, with a mid-point estimate of 185%.

The Group believes it has calculated its Solvency II ratio on a prudent basis: (i) without using longevity hedges (though the Group does benefit from the natural hedge between longevity risk and mortality risk provided by the offsetting effects between its Funeral and Pensions businesses), (ii) without matching adjustments, (iii) by making conservative cost assumptions, (iv) by having a well-balanced and high quality investment portfolio and (v) by conservatively weighting the benefit from the LAC DT factor. The Group believes that its current Solvency II capital would be resilient if macroeconomic stresses were to occur. For instance, it has estimated that as at 31 December 2015 a 100 basis point interest rate increase would have a positive impact of 5 percentage points on its Solvency II ratio. Additionally, in a scenario of a 10% decrease in the value of the Group's equity or real estate investments or a 50 basis point decline in the mortgage spread, the Group estimates that the likely impact on the Solvency II ratio as at 31 December 2015 would be a decrease of fewer than 5 percentage points. The Group estimates that it would be more sensitive to shifts in the UFR. For example it expects that a decrease in the UFR from 4.2% to 3.2% would lower the Solvency II as at 31 December 2015 ratio by 17 percentage points. The sensitivities of Solvency II capital as at 31 March 2016 differ from those sensitivities as at 31 December 2015 (for more information, see "Operating and Financial Review—Capital Requirements—Solvency II—Solvency II Sensitivities").

The Group believes that its diversified business portfolio, consisting of a mix of non-life and life products, has a positive effect on its Solvency II ratio. The Group expects that future trends in certain business lines, such as the anticipated decrease in the individual life segment and the expected gradual increase of the non-life segment businesses, may also have a positive impact on its Solvency II ratio. The natural hedge between longevity risk and mortality risk within the Life segment provided by the Funeral business offsetting the Pensions business further enhances the benefits which the Group receives from diversification. For 2015, the Group estimates that its diversification benefits offset its total required capital by €1,662 million with a total insurance risk of €2,413 million as at 31 December 2015. According to the SCR model, market risk is the most significant contributor with 43% of the SCR (before tax and diversification benefits) as at 31 December 2015, while life, non-life, counterparty and operational risks represented as at 31 December 2015, respectively, 27%, 17%, 9% and 3% as of that date. Market risk (before diversification) is driven by credit spread 33%, real estate risk 25%, equity 19%, currency 12% and interest 11%, reflecting the optimisation of the investment portfolio, allocating a significant portion of the assets to mortgage and real estate. The Group estimates the diversification benefit resulting from market risk as at 31 December 2015 at approximately €600 million.

The Group believes this available capital provides it with a long-term high quality capital base. As at 31 December 2015, 80% of the Group's available capital qualified as core equity. The remainder of the Group's available capital consisted of hybrid debt, €1 billion (the substantial majority of the hybrid debt) which consists of Fixed to Fixed Tier II Capital Securities 5.125% and Perpetual Tier II Capital Securities 5%, which are fully recognised as Solvency II compliant capital. The remaining €209 million is also hybrid debt, subject to grandfathering rules under Solvency II, and thus qualifies for the same treatment and consists of Perpetual Tier I Capital Securities 10% and Perpetual Tier I Capital Securities 7.25%. The Group has relatively modest leverage, with a 25.1% leverage ratio as at 31 December 2015, which was below its internal target of 30%. The Company believes this gives it the flexibility to issue additional hybrid subordinated debt. As at 31 December 2015, the Group's capacity to issue additional hybrid subordinated debt under its internal guidelines amounted to approximately €1,027 million of hybrid Tier I or up to €657 million of additional Tier II capital.

Track Record of Attractive Return on Equity and Capital and Cash Generation

The Group believes it has a strong track record of profitability and strives to continue to be highly profitable while maintaining robust underlying cash flows. In the years ended 31 December 2015, 2014 and 2013 the Group's operating ROE was 13.9%, 11.7% and 9.0%, respectively. Compared to its Peers, the

Group showed the highest ROE on an average basis in each of 2014 and 2015 (*source: Peer company disclosures*). Operating result after hybrid costs (net of tax) amounted to €357 million for the year ended 31 December 2015, €280 million for the year ended 31 December 2014, and €216 million for the year ended 31 December 2013. From 1 January 2013 to 31 December 2015 the Group's operating ROE increased by 55%. This strengthened the Group's capital base, with its Solvency II ratio increasing to 185% (mid-point estimate based on range of 175%–195% using the standard formula).

The Group believes that strong profitability of the Company's operating entities, including the solid capital and cash generation of the life book, enabled those entities to remit cash to the Company on a regular basis. The Group believes these factors will give it the flexibility to distribute dividends to its shareholders while repaying outstanding debts as well as the accrued interest thereon and exploring further growth opportunities, such as select M&A opportunities.

The Group has a track record of growing operating profitability which has resulted in increasing dividend payments. In 2011 was the first year that the Group declared a dividend since its separation from the Fortis group. The Group has paid or announced cumulative dividends of €567 million for the years 2011 through to 2015. The Group intends to preserve a dividend paying capacity in coming years through its strong capital generation, while maintaining a solid solvency position and retaining an adequate level of cash at the Company. The Group aims to operate at a Solvency II ratio, calculated according to the standard formula, above a management threshold level. This management threshold level is currently defined as 160% of the Solvency Capital Required (this level may change over time). In general, the Group expects to not pay cash dividends if the Group level Solvency II ratio (calculated according to the standard formula) falls below 140%. The Group currently envisages to consider to invest capital above the Solvency II ratio (calculated according to the standard formula) of 160% with the objective of creating value for its shareholders. If and when the Group operates at a certain level (which may change over time) considerably above the 160%, and the Group assesses that it cannot invest this capital in value creating opportunities for a prolonged period of time, the Group may decide to return (part of this) capital to shareholders. If the Group elects to return capital, it intends to do so in the form that is efficient for shareholders at that time (for more information see "Dividend Policy").

Diversified, Resilient Dutch Insurer with Leadership in Attractive Market Segments

In 2015, the Group's product mix measured by GWP was diversified between its Non-life (57.4%) and Life (44.7%, or 39.2% excluding a large single premium buy-out of €370 million) segments. In recent years, the Group has shifted from a Life-dominated product mix (42.5% in 2013) to a product mix with a greater focus on Non-life. This is primarily the result of internal growth trends in each of the Non-life businesses. In comparison to its Peers, the Group has the largest contribution to profit from its Non-life segment in terms of total operating profit while the Group's combined ratio was amongst the lowest (*source: DNB data based on gross written premiums for 2014*).

The Group operates almost exclusively in the Netherlands with market leading positions in a number of market segments (number one in Disability, number two in Funeral and number three in P&C) (*source: am:jaarboek 2015 and DNB, based on 2014 GWP*). The Group believes it has been able to generate stable cash flows and maintain solid growth potential in these businesses by focusing on cost effectiveness, rigorous pricing, profitable underwriting and by maintaining a market leading position in the intermediary channel (*source: IG&H Distributiemonitor 2015*). Additionally, the Group believes its Individual life and DB businesses contribute to stable cash flow generation as a result of their robust and predictable back book, decreasing cost base and as a result of the Group's efforts to increase the variable costs as a proportion of its cost base.

Differentiated Distribution, Underpinned by Highly Reputable Brands

The Group uses differentiated multi-brand distribution channels, which it believes better enable it to offer a variety of solutions to best satisfy customers' needs. The majority of the Group's insurance products are distributed through the intermediary channel. The Group believes that its leading position in the intermediary channel (*source: IG&H Distributiemonitor 2015*) offers significant advantages to the Group in terms of length of customer relationships, its ability to retain customers once their policies expire or come due for renewal and claims behaviour. In particular, there is better retention of intermediary channel customers than direct channel customers. The Group has also successfully introduced its online brand, Ditzo, to attract customers who prefer to use the direct channel. The Group believes that Ditzo has a

distinctive position, as it plays a challenger role in the market and is used to sell easy-to-understand and 'execution only' products.

The Group believes its strong position in the Dutch market is based on an extensive distribution platform with a multi-brand product offering tailored to different client segments. The Group employs a customer-centric model which benefits from the Group's strong brands. The Group uses three core brands and multiple niche brands to distribute life and non-life products: a.s.r. (Individual life, DB pensions, P&C and savings & mortgages), De Amertsfoortse (Disability, Health and Pensions for the SME DC), Ditzo (P&C and Health), Ardanta (Funeral), Axent (Funeral), NIVO (Funeral) and Europeesche Verzekeringen (Travel and Leisure insurance).

Excellence in Pricing, Underwriting and Claims Handling

The Group focuses on maintaining disciplined pricing and underwriting, while retaining a specialised highly skilled in-house claims handling, with the goal to deliver operational excellence in its ordinary business. The Group currently uses a "value over volume" philosophy focused on writing policies that are appropriately priced relative to their risk, even if it may cause the total amount of policies written or outstanding to decline.

The Group has been a driver of the relative shift away from a Life product dominated business towards the current balanced, but majority Non-life, product mix. In addition, the Group has extensive sector and product knowledge which supports its highly competitive pricing and analytics.

The Group believes that the key elements that differentiate it from its competitors include:

- the involvement of in-house claims handlers, medical advisers and re-integration managers who are committed to minimise the period of time for disability benefits claimants; thereby contributing to lower claim expenses and customer satisfaction;
- a clear focus on underwriting and claims management. Management believes that 2012 was transitional for the increase in profitability of the P&C portfolio. The increased focus on underwriting performance resulted in investments in claims handling to adopt measures aimed at improving the risk profile in the P&C portfolio (e.g. re-inspections of underwriting rules and risks, selective retention of preferred risks, investment in fraud detection, reduced leakage (recourse) and portfolio management), contributing to an improved claims ratio;
- in the Life segment, striving to write new business if it meets return targets and adds value to the Life book;
- in the Pensions business, seeking to undertake opportunistic buyouts with a prudent risk profile, including through partnering with a re-insurer to more closely evaluate the risk level associated with such buyouts; and
- in the Funeral business, having a market leading position with scale advantages.

The Group believes that its focus on pricing, underwriting and claims handling as evidenced above are the key drivers of its strong Non-life and Life segment results and of customer satisfaction.

Proven Cost-Reduction Capabilities and Continuous Focus on Operational Efficiency

The Group strives to provide an optimal client experience through effective operations, achieved through a combination of optimised total cost and a degree of flexibility. Examples of the Group's effective operational structure include reduction of management layers, gradual simplification of the Group's ICT architecture, outsourcing of non-critical low value added functions and systems such as certain administrative processes, consolidating the Group's activities in Utrecht and, with regard to the Individual life business, reducing support functions as part of the shift from an open Individual life book towards a service book.

The Group also incurs operational costs when such expenditures contribute to foreseeable organisational improvements or to enhance the customer experience. Examples of these activities include the insourcing of certain claims management processes and various investments in fraud detection. The Group believes that these measures contribute to lower claims ratios and improve the Group's profitability and ROE.

This approach enabled the Group to achieve significant operational cost reductions of 3.7% CAGR over the past five years. Additional €50 million of potential cost reduction opportunities have been identified for

the coming three years. In addition, the Group has reduced the number of internal employees (FTEs) from approximately 4,540 at the time of nationalisation in 2008, to 3,306 as at 31 December 2015 (3,650 including the FTEs from the acquisitions of VKG, De Eendragt, Axent and Boval). In the Life segment, the Group believes that its cost focus enabled the Group to more effectively manage existing policy portfolios, to shift its cost base towards a higher percentage of variable costs and to replenish expiring portfolios by selectively acquiring new portfolios of business (e.g. large pension contracts, Axent, NIVO and De Eendragt). For example, in the individual life business, such shifts and other efficiency initiatives enabled the Group to reduce operating expenses from €71 million in 2013 to €63 million in 2015.

Profitable LDI Asset Management Platform with Strong Track Record

The asset management framework for the investment portfolio of the Group is an integral part of its sound balance sheet management policy. The investment portfolio is based on the ECAP framework. From the available own funds as determined by the ECAP framework, a budget for non-market risks is deducted so that the Group can identify a market risk budget. This market budget is allocated to different asset classes via a Strategic Asset Allocation ("**SAA**") study, which is designed to optimise risk and return under different economic scenarios while taking into account the Group's overall risk appetite. This is designed to enable the Group to safeguard its solvency capital positions at the holding and operating company levels under all solvency regimes (Solvency II, ECAP, S&P capital) and to allow an efficient and active allocation and reallocation of available capital and risk budgets to different asset classes. In order to continuously optimise risk and assess returns within each asset class, the Group regularly carries out asset allocation and optimisation studies.

The Group's asset management platform and proven investment process (for more information see "Business—Investments") has shown a strong performance in asset classes which it currently manages in-house, including Euro fixed income, Dutch and Euro equities and Dutch real estate, though it selectively uses third party asset managers for other asset classes (for example emerging market debt, emerging market equities and US equities). The Group believes that this strength is based on both general investment management skill and its expertise in the Dutch and selected other European markets. Other than those markets in which the Group believes it has a particular investment expertise, the Group aims to select top performing third party asset managers to manage assets on its behalf while meeting the requirements of the Group's prudent investment policy within the Group's established investment framework. Its investment portfolio of €36.7 billion comprised fixed income securities (67%), equities (7%), real estate (8%) and mortgages and loans (18%) as at 31 December 2015. The majority of the Group's mortgage portfolio comprises high quality mortgages with 62% NHG state guaranteed mortgages and 18% of mortgages with a LTV below 65%. In addition, the Group, through its asset management activities, has unusual asset class exposure to high yielding assets such as rural real estate (approximately 335 square kilometres as at 31 December 2015, making it the largest private landowner in the Netherlands as at year-end 2015).

As a result, the Group believes that it maintained attractive risk-return profile and running yield in 2015, despite a very low interest rate environment. In addition to delivering an attractive and robust risk-return profile, the Group's strengths in sustainable investment policies were recognised in 2015 with first place awarded by the Fair Insurance Guide.

As a result of this strong asset management track record, the Group believes it is well positioned to offer its liability driven investment capability to third parties. Building on an established track record with third party asset management in real estate funds, the Group plans to extend third party proposition in fiduciary asset management. To add volume and commercial skills to its external asset management activities, the Group recently acquired the investment manager ASR Vermogensbeheer, with €5 billion of third party assets under management.

Skilled, Experienced Management Focused on Execution and Delivery

The Group's Executive Board is highly experienced and is led by a seasoned CEO with a long history of 35 years within the Group. The Group's Executive Board has a combined industry experience of over 90 years. The Executive Board successfully led the Group through turbulent financial times during the recent economic downturn and successfully carried out the separation from Fortis. The Executive Board is committed to implement the Group's strategy based on four pillars: customer focus, pricing and underwriting excellence, cost effectiveness and a cash generative business model. The Executive Board seeks to implement this strategy, and can be characterised as an execution and delivery focused team with

ample experience in the financial industry. The Executive Board is supported by highly experienced managers across all segments and business areas.

Strategy

The Group's strategy is based on four pillars: fulfilling customer needs, pricing discipline and underwriting excellence, cost effectiveness and maintaining a cash generative business model. The Group strives to execute these four strategic pillars within all of the Group's segments.

Fulfilling Customer Needs

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

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

Excellence in Pricing, Underwriting and Claims Handling

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

The Group aims to continue to leverage benefits from its in-house expertise in all of the core insurance processes such as pricing, underwriting, claims management and asset management. Claims management is mainly performed by the Group itself, with some exceptions where the Group works with external claims experts. Historically, underwriting and claims management skills have resulted in a strong combined ratio. In an effort to realise a competitive claims ratio, the Group intends to further invest in senior insurance specialists in order to build and expand underwriting skills and expertise.

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

In addition, the Group believes it operates in capital-light businesses with significant growth potential.

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

(ii) Distribution and Services: the Group has recently acquired VKG and Boval, which serve as a base to maintain its strong relationship with the intermediary distribution channel. In recent years

there has been growth of market share of mandated brokers and the emergence of service providers. The Group believes that with these acquisitions it is well positioned to capitalise on this trend. Furthermore, the Group believes these acquisitions offer forward integration in the insurance value chain and therefore better insights into client needs, enabling the Group to adjust its product portfolio and/or distribution mix and therefore better align with customer needs.

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

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

Cost Effectiveness

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

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

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

Cash Generative Business Model

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

The Group considers the follow-up on its solvency framework, as part of its risk-appetite statement, key to maintain its financial solidity. The solvency framework consists of both the Solvency II standard formula and ECAP and uses the most stringent level for each approach. As at 31 December 2015, the Group's Solvency II ratio mid-point estimate was 185%. For more information see "Operating and Financial

Review—Capital Requirements—Solvency II". The following table shows the internal minimum Solvency II ratio targets as at 31 December 2015.

	Risk Appetite	Dividend level[1]	Group Target
Minimum Solvency II ratio:			
Group and Life insurance entities	120%	140%	160%
Non-life insurance entities	110%	130%	150%

(1) Self-imposed minimum ratio above which the Group expects to be able to pay dividends.

The Group applies a conservative risk profile and has set internal minimum levels designed to absorb losses and to support financial robustness while optimising its capital position within the parameters set by the regulator. In this regard, one of the Group's additional priorities is continuing to satisfy the capital levels necessary to meet an S&P 'BBB+' rating at Group level, which was met as of year-end 2015.

Further detail about the strategy of the individual business lines is presented in "—Business Segments". The Group may face challenges in achieving its strategy based on, but not limited to, low interest rates, changes in legislation, increased supervision, a shrinking life book, fierce competition and adapting to changes in preferences from customers. Please see also "Risk Factors—Risks Relating to the Group's Business—9. If the Group is unable to successfully implement its strategy, or if the Group's strategy does not yield the anticipated benefits, this may have a material adverse effect on the Group's business, revenues, results and financial condition and the Group may not achieve its targets. If one or more of the assumptions that the Group has made in setting its targets are inaccurate, the Group may be unable to achieve one or more of its targets" for challenges that the Group may face in executing its strategy.

Targets

Management has set the following targets for the Group and its business segments:

- Management intends to generate an operating RoE up to 12% per annum for the medium term and to maintain an operating ROE on average above 10% in the long term;
- Management's aim is to reduce operating expenses by an aggregate €50 million over the medium term (excluding social plan costs);
- Management aims to maintain a Solvency II ratio higher than 160% based on a standard formula, with a single A S&P IFS ('Insurer Financial Strength') rating, and financial leverage below 30%;
- Management's aim is to achieve Non-life GWP growth in line with the GDP growth for 2016 to 2018 and, for the 2016-2017 period, a combined ratio lower than 97% for the Non-life segment (and retain a combined ratio below 98% in the long term), derived from combined ratios below 98% in P&C (below 98% in the long term), below 93% in Disability (below 95% in the long term), and below 99% in Health (also below 99% in the long term);
- In the Life segment, management's aim is to reduce operating expenses by an average of 3.5% per year in the medium term, which is included in the above mentioned aggregate of €50 million expense reduction over the same period;
- In the Banking and asset management and Distribution and services segments, management's aim is to generate net earnings growth of 7–10% per year over the medium term;
- Over 2016, the Group has the intention to pay a dividend of €175 million, which is aimed to be paid in 2017. This dividend payment is discretionary and not based on the dividend policy that the Group intends to apply for 2017 and beyond, which is described in the paragraph below; and
- From 2017, the Group envisages to apply a dividend policy with an ordinary pay-out ratio of 45% to 55% of net operating result attributable to shareholders (i.e. net of hybrid costs). See "Dividend Policy".

Assumptions underlying the targets

Management has set the above targets as part of its strategy for the medium term with certain guidance for the long term. The targets do not constitute a profit forecast, should not be interpreted as such and therefore are not an expression of the likelihood that the targets will be achieved or that the Group's financial results will necessarily match the Group's targets in any particular period. For example, the Group does not define "medium term" and "long term", and these financial objectives should not be read

as indicating that the Group is targeting such metrics for any particular fiscal year. The Group's ability to meet its targets depends on the accuracy of various assumptions involving factors that are, in part, significantly or entirely beyond the Group's control and are subject to known and unknown risks, uncertainties and other factors that may result in the Group being unable to achieve these targets, as well as that the Group currently expects to not pay a cash dividend when the Solvency II ratio falls below 140%. See "Risk Factors". If one or more of the Group's assumptions are inaccurate or if any of the risks as included in "Risk Factors" or an unforeseen risk should occur, the Group may be unable to achieve one or more of its targets.

Brand and Distribution Policy

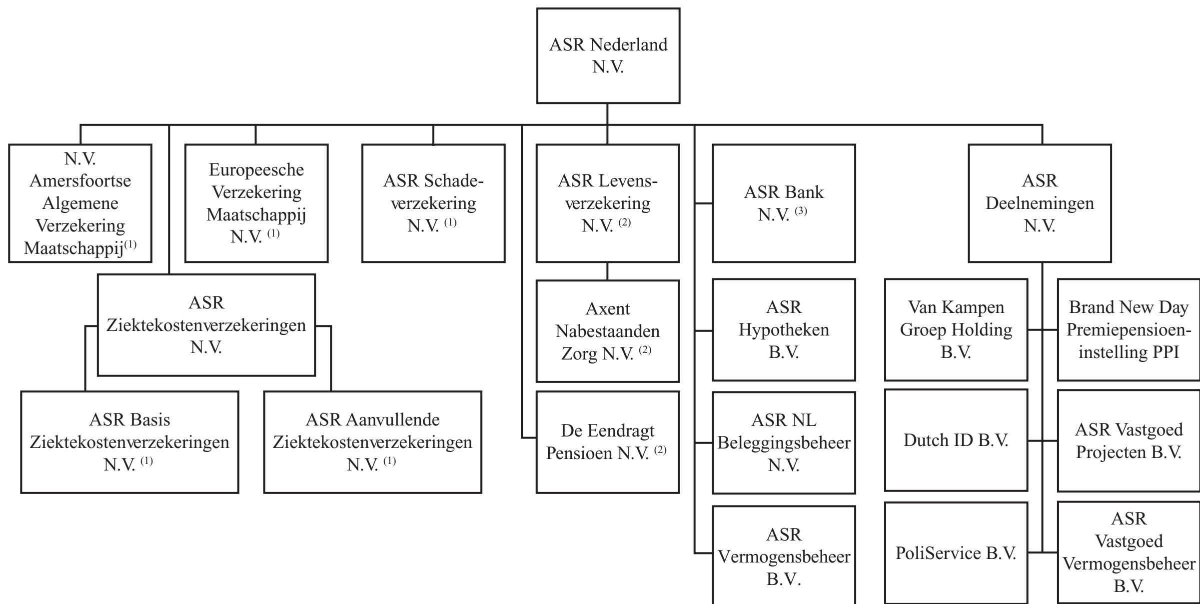
In order to position itself advantageously in different customer segments of the Dutch insurance market, the Group uses a hybrid and multi-brand distribution strategy and offers its products to approximately 1.5 million households (through its a.s.r., De Amersfoortse and Ditzo labels) both through 5,500 intermediaries. The majority of the Group's insurance products are distributed via the intermediary channel. In addition, the Group has successfully introduced its online challenger brand, Ditzo.

The Group deploys a multi-brand model which is designed to address different market segments and comprises three core brands: a.s.r., De Amersfoortse and Ditzo, as well as two niche brands: Europeesche Verzekeringen and Ardanta. The Group's current brands and distribution policy include the following:

- Under the a.s.r. brand, the Group offers products for P&C (all customer segments), Pensions (DB products for the commercial market), Individual life (term life and annuity) and Banking products (mortgages, savings and investments for retail clients). The a.s.r. branded products are distributed via the intermediary channel (e.g. P&C, mortgages and DB pension products) as well as directly (e.g. term life, savings and individual annuity). In addition, mandated brokers, aggregators and service providers can sell Group's products under their own brand names. The a.s.r. brand targets the retail and commercial (primarily SME) customer segments;
- Under De Amersfoortse brand, the Group offers disability, health and DC pension insurance, mainly focused on the commercial market. De Amersfoortse products and services are sold exclusively through intermediaries;
- Ditzo is the online brand of the Group, focusing on health and P&C products for retail clients. Since its introduction, Ditzo has established a client base of over 70,000 P&C and 180,000 health customers in 2015. Ditzo-branded products are sold online via its own direct website and aggregator websites;
- Under the Europeesche Verzekeringen brand, the Group specialises in travel and leisure insurance. Europeesche Verzekeringen insurance policies are sold through the intermediary channel, including through specialist partners, such as tour operators and sports federations, and the direct channel. The Europeesche Verzekeringen brand primarily targets retail customers;
- Ardanta is the Group's funeral insurance brand. Most funeral insurance policies of Ardanta were historically sold via the intermediary channel. Currently, Ardanta utilises a multi-channel distribution strategy by offering its products through intermediaries, direct salesforce and the internet. The Ardanta brand targets retail customers. With the acquisitions of Axent and NIVO, the Group has two additional funeral brands; and
- VKG and Boval were recently acquired and are the Group's service providers. They are full service providers and mandated brokers to a number of Dutch insurance companies. As full service providers, VKG and Boval give connected intermediaries access to a wide array of insurance products.

Group Structure; Recent Acquisitions and Disposals

The current simplified corporate structure of the Group is as follows:



(1) Registered non-life insurance companies.

(2) Registered life insurance companies.

(3) Registered bank company.

Furthermore, the Group intends to effectuate the following mergers during the course of 2016:

- De Eendragt Pensioen N.V. (disappearing entity) into ASR Levensverzekering N.V. (acquiring entity);
- N.V. Amersfoortse Algemene Verzekering Maatschappij and Europeesche Verzekering Maatschappij N.V. (disappearing entities) into ASR Schadeverzekering N.V. (acquiring entity); and
- Axent Verzekeringen B.V. and AXENT NabestaandenZorg N.V. (disappearing entities) into ASR Levensverzekering N.V. (acquiring entity).

The table below shows the principal Group companies and associated, all of which are incorporated in the Netherlands.

COMPANY NAME	EQUITY INTEREST	RATE OF CONTROL	SEAT	SEGMENT
ASR Aanvullende Ziektekostenverzekeringen N.V.[1][2]	100.00	100.00	Amersfoort	Non-life
ASR Basis Ziektekostenverzekeringen N.V.[1][2]	100.00	100.00	Amersfoort	Non-life
ASR Schadeverzekering N.V.[1][2]	100.00	100.00	Utrecht	Non-life
ASR Ziektekostenverzekeringen N.V.[1]	100.00	100.00	Amersfoort	Non-life
ASR Wlz-uitvoerder B.V.[2]	100.00	100.00	Utrecht	Non-life
Europeesche Verzekering Maatschappij N.V.[2]	100.00	100.00	Amsterdam	Non-life
N.V. Amersfoortse Algemene Verzekering Maatschappij[1][2]	100.00	100.00	Amersfoort	Non-life
ASR Nederland Vastgoed Maatschappij N.V.[1]	100.00	100.00	Utrecht	Life / Non-Life
ASR Levensverzekering N.V.[1][2]	100.00	100.00	Utrecht	Life
Axent NabestaandenZorg.N.V.[2]	100.00	100.00	Groningen	Life
Deltafort Beleggingen I B.V.	50.00	50.00	Amsterdam	Life
De Eendragt Pensioen N.V.[2]	100.00	100.00	Amsterdam	Life
Sycamore 5 B.V.[1]	100.00	100.00	Utrecht	Life
Sycamore 6 B.V.[1]	100.00	100.00	Utrecht	Life
ASR Bank N.V.[3]	100.00	100.00	Utrecht	Banking & Asset Management
ASR Hypotheken B.V.[1]	100.00	100.00	Utrecht	Banking & Asset Management
ASR Nederland Beleggingsbeheer N.V.[3]	100.00	100.00	Utrecht	Banking & Asset Management
ASR Vastgoed Vermogensbeheer B.V.[1][3]	100.00	100.00	Utrecht	Banking & Asset Management
ASR Vermogensbeheer B.V.	100.00	100.00	The Hague	Banking & Asset Management
B.V. Nederlandse Hulpverleningsorganisatie-SOS International[4]	100.00	100.00	Amsterdam	Distribution & Services
Dutch ID B.V.	100.00	100.00	Amsterdam	Distribution & Services
Felison Assuradeuren B.V.[3]	100.00	100.00	Velsen	Distribution & Services
Boval Assurantiën B.V.[3]	100.00	100.00	Badhoevedorp	Distribution & Services
Boval Flexis Pensioen B.V.[3]	50.00	50.00	Zoetermeer	Distribution & Services
Het AssuradeurenHuys B.V.[3]	100.00	100.00	Haarlem	Distribution & Services
PoliService B.V.[3]	100.00	100.00	Zeist	Distribution & Services
Van Kampen Groep Holding B.V.[3]	100.00	100.00	Purmerend	Distribution & Services
Brand New Day Premiepensioeninstelling N.V.[3]	55.00	55.00	Amsterdam	Holding & Other
ASAM N.V.[1]	100.00	100.00	Utrecht	Holding & Other
ASR Deelnemingen N.V.[1]	100.00	100.00	Rotterdam	Holding & Other
ASR Nederland N.V.	100.00	100.00	Utrecht	Holding & Other
ASR Pension Fund Services N.V.[1]	100.00	100.00	Utrecht	Holding & Other
ASR Service Maatschappij N.V.[1]	100.00	100.00	Rotterdam	Holding & Other
ASR Betalingscentrum B.V.[1]	100.00	100.00	Utrecht	Holding & Other
Administratie- en Adviesbureau voor Belegging en Krediet (A.B.K.) B.V.[1]	100.00	100.00	Amersfoort	Holding & Other
ASR Vastgoed Projecten B.V.[5]	100.00	100.00	Utrecht	Real Estate Development
ASR Vastgoed Ontwikkeling N.V.[6]	100.00	100.00	Utrecht	Real Estate Development

(1) These are companies for which a statement of joint and several liability under section 403, Book 2 of the Netherlands Civil Code has been issued.

(2) Registered insurance companies.

(3) Other Wft registered companies.

(4) Discontinued operations. These activities were sold in January 2016.

(5) Activities are divided into continuing activities and discontinuing activities.

(6) Discontinued operations. These activities were sold in April 2016.

In the years 2013, 2014, 2015 and the first quarter of 2016, the Group announced a number of acquisitions and disposals.

In March 2013, the Group acquired de Facultatieve Groep, a Dutch funeral insurer with GWP of €2.2 million in 2012. The insurance portfolio of de Facultatieve Groep comprised 22,500 policies.

In January 2015, the Group acquired VKG, which provides access to a broad base of intermediaries and handles the administration for insurance intermediaries in the Netherlands. VKG distributed €172 million

of insurance premiums in 2014. VKG also develops innovative technology supporting certain insurance products, such as identity fraud and young driver insurance.

In July 2015, the Group acquired De Eendragt Pensioen N.V., a Dutch pension insurer (reported GWP: €44 million in 2014), and in August 2015 the Group acquired Axent Verzekeringen B.V., a Dutch funeral insurer (reported GWP: €55 million in 2014; reported reserves €1.5 billion as at 31 December 2014). The portfolio of De Eendragt comprised 22,500 participants and as a result of this acquisition the Group's reserves increased by €1.7 billion as at 31 December 2015. The portfolio of Axent comprised 2.2. million policies and as a result of this acquisition the reserves of the Group increased by €1.5 billion as at 31 December 2015. The activities of these two companies are expected to be integrated into the operations of the Group in the course of 2016 and 2017 and are in line with the Group's strategy to strengthen its position in a consolidating Dutch insurance market. As a result of these acquisitions, the Group's AuM increased by €3.5 billion and its insurance liabilities increased by €3.2 billion.

In November 2015, the Group acquired Dutch ID and its operating subsidiaries operating under the name "Boval" announced that both entities will continue to operate independently. Boval has a leading position as a service provider in the Dutch group disability market. Boval distributed €84 million of insurance premiums in 2014.

In January 2016, the Group entered into an agreement to acquire BNG Vermogensbeheer B.V. from BNG, and the acquisition was completed in May 2016. Following the acquisition the entity was renamed as ASR Vermogensbeheer B.V. ASR Vermogensbeheer is an asset manager previously focused on the public sector but currently moving to the private sector (in particular, charitable foundations), with a portfolio valued at nearly €5 billion. The Group expects that the acquisition will strengthen its position on the Dutch market for external asset management. The entire ASR Vermogensbeheer team of 10 FTEs will form part of the Banking and asset management segment.

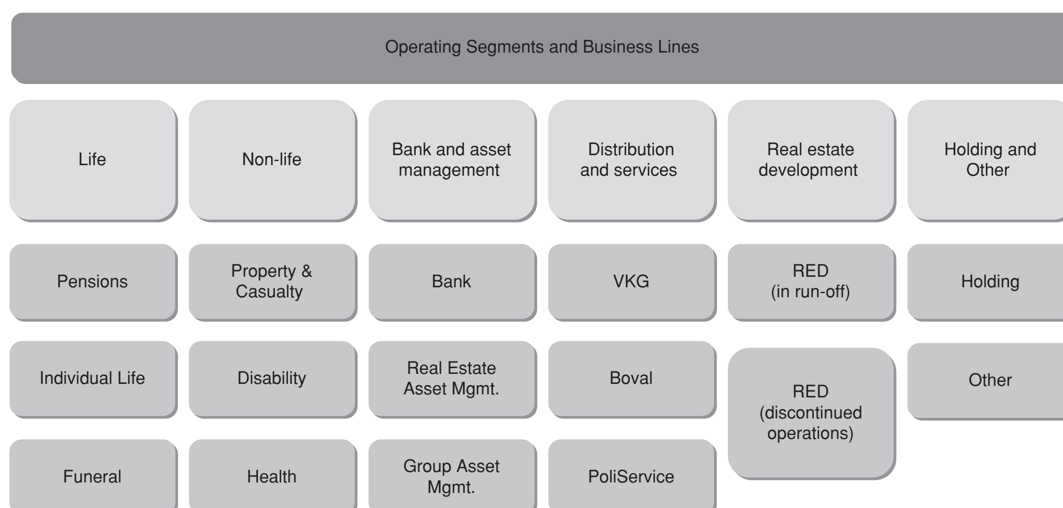
In January 2016, the Group completed the sale of SOS International to CED-group. The business of SOS International primarily relates to providing 24/7 worldwide travel assistance.

In March 2016, the Group acquired NIVO's insurance portfolio. It is the Group's intention to eventually transfer this portfolio in full to ASR Leven (under the Ardanta brand). The insurance portfolio of NIVO is comprised of 286,000 policies, including both capital and benefits-in-kind insurance, and its GWP amounted to €24 million in 2014. As a result of this acquisition, the Group's reserves are expected to increase by €267 million.

In April 2016, the Group sold ASR Vastgoed Ontwikkeling N.V., which comprised a part of the Group's real estate development operations, to Meijer Realty Partners. For more information see "—Business Segments—Real Estate Development."

Business Segments

The operating segments as at 31 December 2015 and business lines of the Group are shown below:



Non-Life Segment

General

The Non-life segment comprises the following three business lines:

- P&C insurance, including motor vehicle, fire, transport, liability and other insurance policies, as well as travel and leisure insurance products;
- Disability insurance, including disability self-employed, sickness leave and group disability, as well as occupational disability insurance products related to the Dutch Work and Income Act; and
- Health insurance, including basic health insurance and supplementary health insurance.

The table below sets out the breakdown by product category of Non-life products of key financial indicators for the year ended and as at 31 December 2015, 2014 and 2013, respectively:

Year	Products	Gross premiums written	Net earned premiums	Net insurance claims and benefits(1)	Fee and commission expense	Operating expenses(2)
2015	P&C	1,005	948	(574)	(253)	(109)
	Disability	730	686	(557)	(77)	(63)
	Health	616	602	(535)	(5)	(32)
	Total	**2,350**	**2,235**	**(1,666)**	**(336)**	**(207)**
2014	P&C	991	944	(531)	(250)	(117)
	Disability	777	710	(605)	(85)	(61)
	Health	591	571	(523)	(8)	(34)
	Total	**2,359**	**2,225**	**(1,659)**	**(344)**	**(214)**
2013	P&C	1,043	992	(594)	(259)	(129)
	Disability	770	674	(709)	(90)	(79)
	Health	579	576	(524)	(11)	(32)
	Total	**2,392**	**2,242**	**(1,827)**	**(360)**	**(240)**

(1) Includes change in liabilities arising from insurance obligations.

(2) Total operating expenses exclude restructuring provision expenses. Operating expenses at the business line level also exclude non-technical investment costs.

The following sets forth the Non-life segment combined ratio for the years indicated:

	For the year ended 31 December		
	2015	**2014**	**2013**
Claims ratio	71.1%	70.0%	78.3%
Commission ratio	15.0%	15.5%	16.1%
Expense ratio	8.9%	9.3%	10.5%
Combined ratio	95.0%	94.8%	104.9%
P&C(1)	98.5%	95.0%	98.9%
Disability	89.6%	91.3%	118.8%
Health	95.5%	98.9%	98.8%

(1) In 2012, P&C combined ratio was 102.9%.

Non-Life

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

The Group strives to leverage its deep understanding of the Dutch non-life markets to apply risk based pricing to achieve profitable growth in line with GDP growth. The Group aims to strengthen its presence in

non-life markets by improving connectivity with the intermediary channel, forward integration with service providers and by actively promoting its products through its own direct business, Ditzo.

The Group's main non-life product groups are: P&C, Disability and Health insurance products.

P&C Insurance

General

The Group was the third largest provider of P&C insurance products in 2014 in the Netherlands measured by GWP with a market share of 8.5% (*source: DNB*). The Group offers a broad range of P&C insurance products under the brands a.s.r., Europeesche Verzekeringen and Ditzo. P&C had a combined ratio of 95.0% and 98.5% in 2014 and 2015, respectively. In 2015, the combined ratio for the brand a.s.r. amounted to 97.8% (2014: 93.7%; 2013: 98.5%), for Europeesche Verzekeringen 100.0% (2014: 97.6%; 2013: 100.8%) and for Ditzo 116.6% (2014: 121.8%). The Group's P&C claims ratio increased from 59.9% at 31 December 2013 to 60.6% at 31 December 2015, while it outperformed the market average in each of the periods. For more information, see "Industry".

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

Strategy

In respect of P&C insurance, the Group endeavours to leverage its existing strengths and to achieve a combined ratio below 98% for the medium and long term.

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

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

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

The Group considers the intermediary channel to be resilient. Customers who choose the intermediary channel tend to be more loyal, which results in high retention rates for these portfolios. The Group believes that these long term relationships put it in an advantageous position relative to competitors with less commitment to this distribution channel. The relative share of the intermediary channel versus direct channel within the P&C market has remained stable over the last five years (*source: Verbond van Verzekeraars—Verzekerd van cijfers 2015*) (excluding disability and health, based on GWP). The primary focus of the Group in distributing P&C products is therefore on the intermediary channel.

Commercial insurance: The Group intends to establish its position in the commercial mid-sized P&C insurance market as the Group believes this will offer an opportunity for profitable growth. Commercial insurance products historically have not been a priority of the Group. The Group aims to focus on selective and controlled growth in this sub-segment of the P&C market, in particular through sales of commercial

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

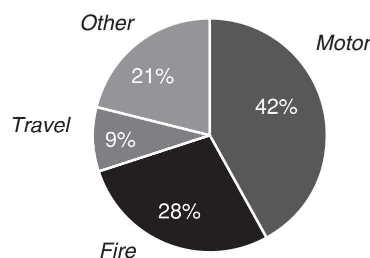
Products

The Group believes that P&C insurance products in the Dutch market are fairly standardised. The Group's broad P&C insurance product offering can be divided into the following categories of policies:

- *Motor:* The Group's motor policies for retail and commercial clients provide third-party liability coverage for motor vehicles and commercial fleets, including property damage and bodily injury, as well as coverage for theft, fire and collision damage. Most of the Group's motor insurance policies are offered in modular form, which enables policyholders to choose the insurance coverage that meets their needs. Dutch law requires that coverage for third party liability be maintained for each licensed motor vehicle. In 2015, motor policies accounted for 42% of P&C GWP. As at 31 December 2015, motor policies accounted for 61% of the Group's P&C's technical reserves.
- *Fire:* The Group's fire policies for retail and commercial clients provide coverage for a variety of property risks including fire, storm and burglary. Coverage is available for buildings, houses, inventory, home contents and business continuity. Coverage on commercial policies is usually provided on the basis of specified risks and definition of the coverage. Private coverage is provided on both a single-risk and multi-risk basis, with multi-risk policies providing coverage either for loss or damage to dwellings and damage to personal goods. In 2015, fire policies accounted for 28% of P&C GWP. In the period 2013–2015, the Group assessed 38,494 items in its fire portfolio. As a result of this assessment, 12,384 items were inspected and 75% of the contracts were changed and 1% were discontinued. As at 31 December 2015, fire policies accounted for 14% of the Group's P&C technical reserves.
- *Travel and Leisure:* The Group offers travel insurance policies for retail clients and is a market leader in the travel and leisure market in the Netherlands (*source*: *DNB*). In 2015, travel and leisure policies accounted for 9% of P&C GWP. As at 31 December 2015, travel & leisure policies accounted for 3% of the Group's P&C's technical reserves.
- *Other:* The Group also offers other Non-life insurance products such as transport (only goods in transit), liability, agricultural and construction motorised vehicles, construction all risk and assistance. In 2015, the other Non-life policies accounted for 21% of P&C GWP. As at 31 December 2015, other Non-life policies accounted for 23% of the Group's P&C's technical reserves.

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

The following chart shows the Group's P&C product mix by GWP in 2015 (€1,005 million):



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

Distribution

The Group utilises multiple distribution channels for its P&C insurance products and the choice of a particular channel depends primarily on the preference of customers. SME clients and families often seek

advisory support and are served by advisers and/or mandated brokers. In the Dutch market, aggregators are frequently used for orientation and act as mandated brokers.

The Group has a strong position in the intermediary channel (in 2014, the Group was the market leader with a 24% market share in retail P&C and had the third largest market share of 16% in commercial P&C measured by GWP (*source: IG&H Distributiemonitor 2015*)). The a.s.r. brand is the Group's P&C brand for intermediaries, and a.s.r.-branded products are also sold under brand names of mandated brokers (including aggregators) with a high average duration of client relationships and high average retention of customers (retail: 16.4 years with a retention rate of 86% in 2015, SME: 11.2 years with a retention rate of 87% in 2015). In 2015, the retail segment had a total GWP of €258 million and 572,432 customers, while the SME segment had a total GWP of €218 million and, 119,414 customers, in each case excluding customers served via the mandated broker channel. This excludes GWP for mandated brokers, which accounted for €344 million of GWP in 2015.

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

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

The Group has an in-house P&C account management team that, as at 31 December 2015, employed 31.4 FTEs, whose main responsibilities include offering support to intermediaries, as well as to large accounts.

Claims Management

One of the core strengths of the Group's P&C segment is its expertise in claims management. All claims are managed in-house with a few exceptions where the Group works with external claims experts, such as for foreign claims, bulk claims in the mandated broker channel, 35% of the loss adjustments cases and specific support on personal injury. The claims department of P&C comprises over 200 experienced claims handlers and loss adjusters. Within P&C claims management there is a strong focus on quality and performance management. P&C's bodily injury claims management organisation outperforms the market benchmark on average claim amount, claim handling time, number of claims per FTE and client satisfaction (*source: Q-Consult*).

Disability Insurance

General

The Group has been a market leader in respect of Disability insurance since 2007, and in 2014 its market share in the Netherlands measured by GWP was 21.9% (*source: DNB*), with more than 99,000 retail and self-employed clients and approximately 78,000 SME and commercial clients. The total Dutch disability insurance market measured by GWP amounted to €3.5 billion GWP in 2014 (*source: DNB*). The Group's Disability segment maintained a combined ratio of 91.3% and 89.6% in 2014 and 2015, respectively. The Group has reduced its Disability claims ratio from 94.2% (excluding WGA-ER: 72.7%) at 31 December 2013 to 69.6% at 31 December 2015. The Group's retention ratio of 94.5% for Disability is above the market average of 94.1% (*source: CVS data—3Q 2015*).

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

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

Strategy

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

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

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

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

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

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

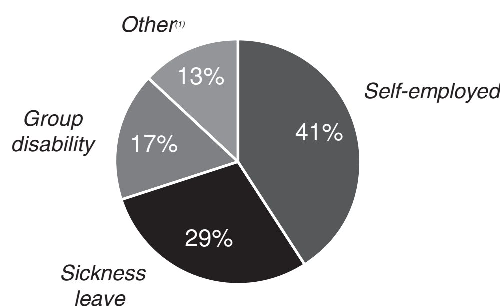
Products

The Group's Disability business line comprises two primary categories: Self-employed (including self-employed and retail customers) and Group disability. For both product categories, in addition to insurance products, the Group offers the services of in-house medical advisers, re-integration managers, vocational experts and external parties offering reintegration, health and safety services (*arbodiensten*), combined with skilled claim handlers, for all policyholders, to assist with their reintegration. In Group

disability, the Group also has a joint venture with NN Group called "Keerpunt" (a workplace reintegration services provider), in addition to its own in-house specialists.

- *Self-employed:* The Group provides disability coverage to self-employed individuals for loss of income caused by disability. In case of disability, customers are provided with a payment until recovery, death or in case of permanent disability up to late age or the retirement age. The Group offers self-employed Disability products for all professions. Individual employees can insure themselves for disability protection for e.g. mortgage payment protection and supplementary wage protection (*wia excedent*) in addition to that provided under social legislation, i.e. income protection against disability for employees whose disability risk is not insured by their employers. The average customer duration was 10.6 years, as at 31 December 2015.
- *Group disability (sickness leave and long-term disability):* The Group provides employers with two categories of products: (i) sickness leave disability products, which cover the first two years of employers' mandatory salary payments in the case of disability of employees (SME market), and (ii) long-term group disability products which offer coverage up until retirement age depending on the coverage (SME market and corporate market). As the BeZaVa act (*wet beperking ziekteverzuim en arbeidsongeschiktheid bij vangnetters*), comes into force as of 1 January 2017 for the part of WGA liability for temporary employees, a new additional market segment for Group disability products will be created. For more information, see "Supervision and Regulation—Dutch Regulatory Framework—Insurance and Insurance-Related Regulation—Dutch Sickness Absence and Occupational Disability among Sickness Benefit Claimants (Restrictions) Act". With respect to Group Disability, the average customer duration was 7.0 years, while the average customer duration for sickness leave was 8.8 years, as at 31 December 2015.

In 2015, Disability accounted for 17.8% of the Group's GWP. As at 31 December 2015, Disability accounted for 7.9% of the Group's technical reserves. The following chart shows the Group's Disability product mix[(1)] by GWP in 2015 (€730 million):



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

Distribution

The Group's clients in the Disability business line range from multinational corporations to individual clients. The Group's main distribution channel for Disability insurance products is the intermediary channel, including via mandated brokers for group Disability products. The Group is a market leader in the intermediary channel in Disability insurance in the Netherlands with a market share of 42% for self-employed and 32% for group Disability products in 2014 measured by GWP (*source: IG&H Distributie monitor 2015*). On average, duration of client relationships within Disability is high, with average customer durations of 7 years, 10.6 years and 8.8 years for Group Disability, Self-employed and Sickness leave, respectively, as at 31 December 2015. Due to tightening regulatory requirements in the Dutch insurance market, there is a general trend toward consolidation in the intermediary market, which is particularly visible in group Disability. Smaller brokers remain an important distribution channel for self-employed Disability products, where smaller local intermediaries traditionally have strong positions. The share of sales by mandated brokers has been increasing and reached 12% of the total Disability portfolio in 2015. The Group also has an in-house Disability account management team that, as at 31 December 2015, employed 39.75 FTEs. Those account managers also cover activities of the Health business during the last quarter of each year.

Claims Management

The Group has in-house claims handling and re-integration experts dedicated to helping customers to get back to work.

Self-employed: For the self-employed segment the Group uses the "disability triangle". This is a dedicated multi-disciplinary team of professionals (medical advisers, vocational experts and claim handlers). Each claim is discussed with these experts and a detailed action plan is composed. At the same time the recovery progress is monitored and claims are handled financially. During the disability period there is close contact with customers by phone or face to face.

Group disability: Specialised teams (in cooperation with third-party sickness leave specialist Keerpunt) manage claims in cooperation with employers, for example by reminding employers to report sick employees, by reassessing claims and by continuous monitoring of existing claims at WGA-ER and sickness leave.

Health Insurance

General

The Group was the eighth largest provider of Health insurance products in 2014 in the highly competitive Dutch market measured by GWP with a market share of 1.5% (*source: DNB*). The Group offers health insurance products under the brands Ditzo and De Amersfoortse. Health had a combined ratio of 98.9% and 95.5% in 2014 and 2015, respectively. Health has limited capital requirements within the Group's structure, and approximately 3% of the Group's total Solvency II capital (€96 million) was attributable to Health as at 31 December 2015.

The Group had a customer base of approximately 316,000 customers at 31 December 2015 who have taken basic health insurance and/or supplementary health insurance, of which approximately 180,000 were served by Ditzo, 125,000 by De Amersfoortse and 11,000 via mandated brokers.

Strategy

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

- *Self-funding:* The Group intends to fund the growth of its Health business exclusively through organically generated Solvency II capital without any capital injection from the Group.
- *Maintain brand appreciation:* Health insurance is a product with a high degree of customer interaction. The Group believes that the customer's perception of Ditzo Health and De Amersfoortse as measured by NPS of "+9" leads to increased appreciation of the Group's overall brands. Therefore, the Group intends to take advantage of the high degree of customer contact to offer the highest levels of customer service so as to maintain and, where possible, improve the brand appreciation of both its direct Health brands as well as its other, associated brands.
- *Support Ditzo and De Amersfoortse brands to facilitate cross-selling:* The Group is focused on the growth of Ditzo Health and De Amersfoortse customers to create cross-selling opportunities to its P&C and Disability businesses, particularly as the cost of acquisition for new health business is lower than the independent cost of acquiring new P&C customers. The sale of health insurance products via De Amersfoortse and Ditzo increases brand recognition and thereby improves retention rates. In 2015, 23% of new Ditzo P&C customers also had a Ditzo Health product. Since the introduction of Ditzo Health in 2011, the number of insured individuals reached approximately 180,000 as at 31 December 2015, increasing opportunities for cross-selling. Furthermore, the Group recently introduced the new product "*Doorgaanverzekering*", which combines Health and Disability products, with a resulting cross-selling level of approximately 32% by Health. These cross-selling initiatives are important for the Group because retention rates of customers who purchase multiple products with the Group are significantly higher compared to customers who only have one of the Group's products (the lapse rate for customers to whom the Group cross-sold an Amersfoortse Disability or Amersfoortse Health product decreased from 8.1% to 6.7% and from 8.7% to 4.5% respectively in 2015).

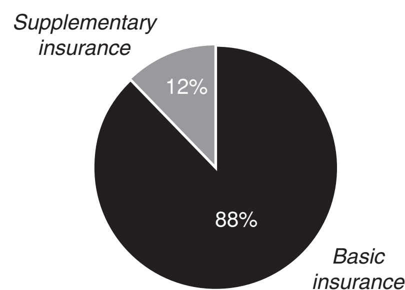
Products

The Group's Health business line comprises two primary categories: basic health insurance and supplementary health insurance.

- *Basic health insurance:* The Group offers basic health insurance coverage, the terms of which are mandated by law, for more information, see "Supervision and Regulation—Dutch Regulatory Framework—Insurance and Insurance-Related Regulation—Health Insurance Companies". For the year ended 31 December 2015, 88% of the Group's health portfolio measured by GWP (excluding governmental premium) was comprised of basic health insurance policies.
- *Supplementary health insurance:* The Group offers a range of health insurance products covering risks and expenses not covered by the Dutch basic health insurance scheme, including physiotherapy, restorative dental care, glasses, maternity care, medical assistance abroad and orthodontia. Services offered under supplementary health insurance packages vary depending on targeted customer groups. For the year ended 31 December 2015, 12% of the Group's health portfolio measured by GWP was comprised of supplementary health insurance policies.

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

The following chart shows the Group's Health product mix by GWP in 2015 (€616 million):



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

Distribution

The distribution mix of Health consists of the direct distribution channel under the Ditzo brand, focused on individual clients, while distribution under the De Amersfoortse brand is done through the use of intermediaries and is mainly focused on self-employed and SME customers. Account managers of Disability also cover activities of the Health business during the last quarter of each year.

Claims Management

Health has a fully integrated system for its claims management processes. The back-office system is a SaaS solution. Health applies strict claims management criteria and continuously seeks to improve operational performance and thereby customer service. Standard Operating Procedures and feedback from NPS questionnaires are used to improve the rate of "first time fix". In addition, through continuously evaluating and optimising the 'straight through processing' procedures, the Health business line is able to improve the quality of these processes.

Life Segment

General

The Life segment comprises three product lines: (i) DB and DC products for employers, (ii) traditional and unit-linked life insurance for individuals, as well as (iii) funeral insurance, which the Group refers to as its Pension, Individual life and Funeral product lines.

In 2014, the Group's Life GWP was €1.5 billion, which made it the sixth largest participant in the Dutch market with slightly more than one third of the GWP of the largest participant (*source: DNB*).

The table below sets out the breakdown by product category of Life products of key financial indicators (in millions of euros) for the year ended/as at 31 December 2015, 2014 and 2013 respectively:

Year	Products	Gross written premiums	New business (APE)	Net earned premiums	Fee and Commission expense	Operating Expenses[1]	Technical reserves (in € billion)
2015	Pensions[2]	972	74	781	(3)	(84)	17.6
	Individual life[3]	727	11	707	(11)	(63)	16.6
	Funeral	129	7	128	(3)	(15)	4.0
	Total	**1,828**	**92[4]**	**1,616**	**(18)**	**(205)**	**38.2**
2014	Pensions[5]	626	123	677	(3)	(71)	15.7
	Individual life[6]	807	14	748	(15)	(62)	17.6
	Funeral	109	4	107	(4)	(10)	2.4
	Total	**1,543**	**141[7]**	**1,533**	**(23)**	**(178)**	**35.6**
2013	Pensions[8]	684	40	762	(8)	(80)	12.0
	Individual life[9]	870	20	781	(16)	(71)	16.8
	Funeral	111	6	110	(7)	(9)	1.9
	Total	**1,666**	**66[10]**	**1,653**	**(32)**	**(199)**	**30.7**

(1) Total operating expenses excludes restructuring provision expenses. Operating expenses at the business line level also exclude investment costs and non-recurring costs.

(2) Of total GWP, €500 million was attributable to recurring premium contracts and €471 million to single premium contracts. Of total new business (APE), €55 million was attributable to recurring premium contracts and €18 million to single premium contracts.

(3) Of total GWP, €632 million was attributable to recurring premium contracts and €95 million to single premium contracts. Of total new business on an APE basis, €7 million was attributable to recurring premium contracts and €3 million to single premium contracts.

(4) Of which €66 million was attributable to recurring premium contracts and €26 million to single premium contracts.

(5) Of total GWP, €512 million was attributable to recurring premium contracts and €114 million to single premium contracts. Of total new business on an APE basis, €82 million was attributable to recurring premium contracts and €41 million to single premium contracts.

(6) Of total GWP, €692 million was attributable to recurring premium contracts and €116 million to single premium contracts. Of total new business on an APE basis, €4 million was attributable to recurring premium contracts and €9 million to single premium contracts.

(7) Of which €90 million was attributable to recurring premium contracts and €50 million to single premium contracts.

(8) Of total GWP, €547 million was attributable to recurring premium contracts and €137 million to single premium contracts. Of total new business on an APE basis, €39 million was attributable to recurring premium contracts and €1 million to single premium contracts.

(9) Of total GWP, €766 million was attributable to recurring premium contracts and €103 million to single premium contracts. Of total new business on an APE basis, €13 million was attributable to recurring premium contracts and €7 million to single premium contracts.

(10) Of which €58 million was attributable to recurring premium contracts and €7 million to single premium contracts.

The table below sets out the breakdown between nominal, unit-linked and savings technical provisions (in billions of euros) as at 31 December 2015, 2014 and 2013 respectively.

Year	Products	Nominal	Unit linked	Savings	Total
2015	Pensions	13.8[(1)]	3.8	0	**17.6**
	Individual life	10.4	5.9	0.3	**16.6**
	Funeral	4.0	0	0	**4.0**
	Total	**28.2**	**9.7**	**0.3**	**38.2**
2014	Pensions	12.3[(1)]	3.4	0	**15.7**[(2)]
	Individual life	11.2	6.0	0.4	**17.6**
	Funeral	2.4	0	0	**2.4**
	Total	**25.9**	**9.4**	**0.4**	**35.6**
2013	Pensions	9.4[(1)]	2.6	0	**12.0**
	Individual life	10.4	5.9	0.5	**16.8**
	Funeral	1.9	0	0	**1.9**
	Total	**21.7**	**8.5**	**0.5**	**30.7**

(1) Included is an amount of 2,141 million; (2014: €2,151 million; 2013: €1,989 million) relating to the Group's own pension contract that is insured with ASR Leven.

(2) A reclassification of €55 million was made between the amount included in the above table and the amount included in the 2014 audited financial statements. The reason for the reclassification was that a provision within the pension product line no longer classified as a technical provision under IFRS and was reclassified to loans and receivables in the 2014 audited financial statements.

The life insurance products offered by the Group range from relatively simple insurance products such as term life to more complex and personalised insurance products such as pension products. Life insurance products can be characterised as either traditional policies or unit-linked policies. Traditional policies are those products that have benefits primarily based on a guaranteed interest rate, sometimes combined with profit-sharing to the extent that certain thresholds are met, and term life policies. Thus, under traditional policies, the Group bears the investment risk. Under unit-linked policies, the investment risk is borne by the policyholder. Further, the Group provides hybrid forms of unit-linked policies with a minimum investment return or minimum accumulation at maturity being guaranteed to the policyholder. As per 31 December 2015, the Life segment had €38.0 billion of technical reserves, with a basic provision (e.g. the nominal provision excluding the effect of interest rate movements) of €21.6 billion (please see "Operating and Financial Review—Life Insurance Margin" for further information). In 2015 the basic provision increased due to the acquisitions of Axent and De Eendragt at the end of August. The Group expects that this basic provision will decrease by approximately 1.0-1.3% per annum in the coming three years due to the run-off of the acquired portfolios. The Group believes that its Life insurance margin (as a percentage of the average basic provision) will remain stable for 2016 and expects a slight increase in 2017 and 2018.

The Life segment is active in the retail mortgage market. Mortgages are originated on behalf of ASR Leven and are serviced by ASRH, which is part of the Banking and asset management segment. The Life segment originates mortgages to diversify and optimise the asset mix of the segment and the Group as a whole. A part of the mortgages originated by Life are consequently purchased by the Bank. The mortgage portfolio is therefore owned by the Life segment and Bank. For more information, see "—Banking and Asset Management—Banking" and "—Investments—Mortgage Loan Portfolio".

Strategy

The Group aims to continue its track record of adapting to evolving market circumstances in the life market. The Group believes that it has developed a well balanced portfolio, combining a profitable service book (Individual life book and Funeral insurance) with a modest Group life book. The Group strives to benefit from a simplified, partially outsourced, scalable IT infrastructure that is designed to provide an efficient, low cost operating platform. The Group aims to continue benefiting from its outsourcing efforts, which enabled the Group to reduce operating expenses per policy and to build a sound and variable cost structure. The Group has identified further cost potential reductions for its Life segment of 3.5% per annum from 2015 through 2018, which is included in the total Group cost savings target. By servicing customers effectively, the Group believes that it is able to limit unnatural lapses and to maintain and optimise the predictability of its service book. The Group aims to continue leveraging its cost advantage

through selectively acquiring blocks of business, creating economies of scale which should result in lower administrative costs per policy and benefiting from excellent liability driven asset management skills.

Pensions

General

The Group was the sixth largest provider of Pension insurance products in the Netherlands measured by GWP with a market share of 7.2% in 2014 (*source: DNB*). The Group offers pension insurance products under the brands a.s.r. and De Amersfoortse and has an IORP in a joint venture with Brand New Day. The current customer base of the Pensions business line comprises 20,000 companies and 477,000 participants.

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

Strategy

The Group's strategy for its existing DB book is focused on preserving its value, reducing capital requirements, enhancing cost coverage and lowering risks, including through reinsurance. The Group aims to invest, within its financial targets, in larger blocks or buy-outs of DB business that meet one of two strategic objectives: cost coverage or potential DC transfer. Furthermore, the Group is adapting to the changing pension market by developing the capacity to distribute new 'capital-light' pension products. The Group has already started the distribution of IORP pension products through a joint venture (Brand New Day), introduced new Defined Contribution products (*werknemerspensioen*) and in 2016 the Group has launched an APF, the license for which is currently awaiting DNB approval.

Preserve value and enhance cost coverage in existing defined benefits book: The Group has an explicit focus on the preservation of value in its existing DB pension book.

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

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

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

Products

The Group's Pensions offering includes the following products:

- *Defined benefits:* The Group's DB Pension products are traditional 'capital-heavy' insurance products based on life-long guaranteed pension payments with recurring premiums with or without profit-sharing. These products also provide an option for additional single premiums for indexation and back services. DB products can be distinguished between general account and separate account products:

  - For general account products, the underlying assets are invested in the Group's general account and thus not attributable to a specific policyholder or liability. Within the general account, the Group bears the investment risks related to assets backing the liability obligations; and

  - For separate account products, the Group establishes and maintains a separate investment account to which funds are allocated in line with the relevant contract. The Group bears the investment risks related to the assets backing the liability obligations. This investment account is thus separated from the Group's general account. The policyholder is entitled to the positive revenues of the separate account;

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

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

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

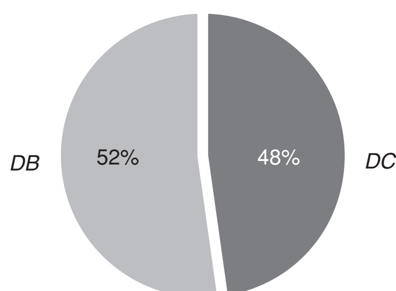
The Group also provides various insurance supplementary options as part of its insurance products, including bereavement benefits and disability protection. See "—Individual Life" for information on immediate annuities sold to pensioners.

In 2015, the Pensions product line accounted for 53.2% of the Life segment's GWP and 80.4% of the Life segment's new business (APE). This excludes the GWP and new business of Brand New Day, as the GWP of this joint venture is taken into account in a separate entity. As at 31 December 2015, the Group's Pensions product line had €17.4 billion of technical reserves and consisted of approximately 495,000 policies. The contribution of capital-light products (i.e. DC and IORP) to the Life segment's new business (APE) amounted to €16 million in 2013, €32 million in 2014 and €43 million in 2015 (this includes the

contribution of IORP new production via Brand New Day which is not reported in the Group's Life segment), whilst DB products' contribution amounted to €33 million, €106 million (€38 million APE buy-out contribution) and €56 million (€16 million APE buy-out contribution), respectively.

The following chart shows the Group's Pension product mix by GWP in 2015:

Total GWP 2015: €602m (€972m)[(1)]



(1) Figures in graph exclude €370 million Chevron buy-out. See "Operating and Financial Review—Factors Affecting Financial Condition and Results of Operations—Acquisitions and Buy-Outs".

On 1 January 2016, the General Pension Fund Act entered into force allowing for the formation of APFs. An APF is a pension fund which can administer multiple pension plans within ringfenced compartments. For more information on APFs, see "Supervision and Regulation—Dutch Regulatory Framework—Insurance and Insurance-Related Regulation—Pensions". The Group has launched the new APF brand—Het nederlandse pensioenfonds—in 2016, the license for which is currently awaiting DNB approval. The Group provides administration, fiduciary and asset management services to the APF, for which the Group receives a fee. The relevant contracts in respect of the APF are concluded for a period of five years.

Distribution

Distribution of pension products to SMEs and other corporate clients under the De Amersfoortse and a.s.r. brands takes place only via advisers. The Group utilises smaller local advisers, actuarial offices and larger national pension advisers. The Pensions business line employs an account management team that provides assistance to pension advisers and corporate clients, which as at 31 December 2015, had 19.5 FTEs. IORP products are distributed in a similar way through intermediaries, but are provided in addition on an execution-only basis, with no involvement of advisory services.

With respect to its pension product offerings, the Group benefits from a preferred partnership with International Group Program ("**IGP**"), a part of John Hancock USA. IGP is a multinational pooling business represented in more than 70 countries. a.s.r./De Amersfoortse has been the dedicated IGP network partner in the Netherlands since 1991. From the client's perspective, multinational pooling and participation in IGP is a reinsurance vehicle by which the client is able to reduce the death and disability risk within its portfolio. From the Group's perspective, IGP facilitates the sales of its pension products to corporate clients for whom pooling is a beneficiary option.

Individual Life

General

The Group was the fourth largest provider of Individual life insurance products in 2014 in the Netherlands measured by GWP with a market share of 10.5% (*source: DNB*). The Group offers individual life insurance products under the a.s.r. brand.

Strategy

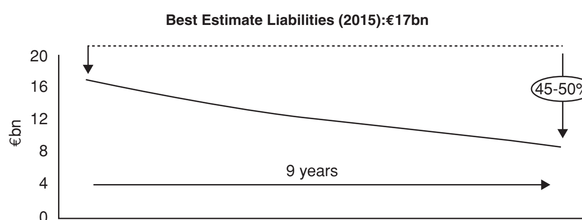
The strategy of Individual life is based on maximum retention of the current value of the Individual life book. In order to achieve this, the Group has two primary strategic initiatives.

Optimise customer satisfaction: To maximise the value of the Individual life book, the Group's strategy is to maximise customer satisfaction. The Group believes that maintaining customer satisfaction is crucial to efficiently manage how customers behave when their existing policy expires, which can extend profitable

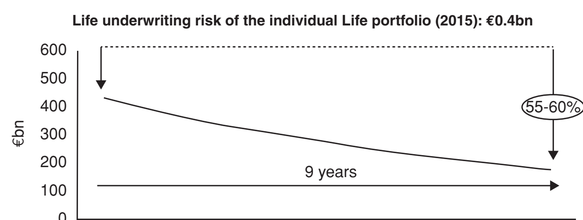
cash flows. In order to maximise the provision of personalised service, the Group intends to increase the services it offers to its customers. When an Individual life policy expires, in collaboration with the Bank, the Group continues to offer solutions suited to individual customer needs, whether through a life insurance product or a bank saving product (either tax incentivised or basic internet savings). Of the expiring individual life policies, the retention ratio of customers towards a Bank or individual life product was 29% in 2015. Focusing on customer satisfaction, the Group also continues to strive to make its services more accessible and easier to use for its customers. In particular, the Group launched an innovative online platform in 2015, which is designed to deliver more services directly to its customers.

The Group believes that the execution of this strategic initiative for its Individual life business will contribute to a run-off profile of its back book, in line with current expectations and the current estimated duration of approximately 12 years. At the end of 2015 the technical provision, based on the Solvency II best estimate liabilities, was valued at €17 billion, as presented in the graph below. Based on Solvency II cashflows at 31 December 2015, the Group believes that this technical provision will decrease by approximately 45–50% in nine years. This estimate does not include the impact of new business. Solvency II required capital for Individual life underwriting risk was estimated at €0.4 billion as at 31 December 2015 and relates to this technical provision of €17 billion. In line with the estimated decrease of the best estimate liabilities, the Group expects that the required capital for underwriting risk for Individual life will decrease by 55–60% in nine years. In general, the Group believes that the market risk for this insurance portfolio will also decrease comparable to best estimate liabilities. These estimates express that the service book of the Group's Individual life business is in run-off, is expected to release approximately €0.25 billion of capital over the next nine years for underwriting risk, and is expected to underpin the focus of the Group on maximum retention of the current value of the Individual life book.

Individual Life back-book run-off - technical provisions



Individual Life required capital



The actual changes in the technical provisions and required capital may differ from the Group's expectations, perhaps materially. The actual experience will depend on the accuracy of various assumptions involving factors that are, in part, significantly or entirely beyond the Group's control and are subject to known and unknown risks, uncertainties and other factors that may result in actual changes that are different from those expected by the Group. See "Risk Factors". If one or more of the Group's assumptions are inaccurate or if any of the risks as included in "Risk Factors" should actually occur, the estimates and developments set out above may turn out to be incorrect, perhaps materially.

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

Products

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

transparent unit-linked products, or a bank saving product, suited to new customers. The Group ended the active sale of unit-linked and universal life capital policies.

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

The Group's active Individual life insurance offering consists of the following products:

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

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

The Group's remaining in-force service book in the Individual life insurance portfolio, in addition to the categories listed above, consists of the following products:

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

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

Unit-Linked/Universal Life Portfolio

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

The Group has responded proactively to its clients in addressing these issues. As from 2012 the Group took additional measures which, amongst others, included:

a. Cost compensations;

b. Free advice to customers;

c. Improved product offerings (lower costs, abolition of penalty and switching fees); and

d. Continuous efforts to further improve the situation, e.g. by lowering mix funds fees.

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

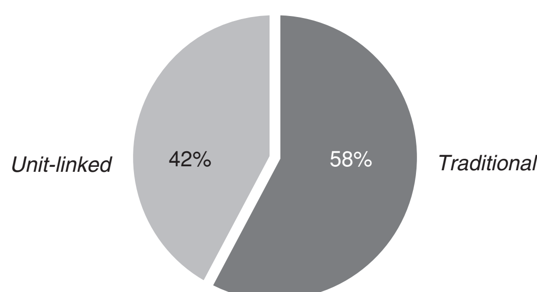
In July 2015, the Dutch Ministry of Finance published an Order in Council (*Algemene Maatregel van Bestuur*), on the basis of which the guidelines regarding mobilising customers became legislation. This Order in Council requires insurers to inform and mobilise policyholders who have active individual unit-linked life insurance policies which were entered into prior to 1 January 2013. For more information, see "Business—Legal Proceedings—Dutch Unit-Linked Products".

In line with the Order in Council, the Group and its intermediaries are continuing to actively approach individual unit-linked policyholders to inform them of the prospects of the relevant policy for its remaining term. The Group aims to educate customers about their unit-linked policies and helps them to make informed decisions, so that they are able to assess whether or not their unit-linked policy still suits their current financial situation. The Group offers policyholders, amongst other things, the option to change their policy or to choose an alternative product if the unit-linked policy no longer fits their needs. Partially as a result of the Group's active efforts since 2010 to reach out to policyholders, the number of the Group's outstanding active unit-linked policies reduced from approximately 1.1 million at year-end 2008 to approximately 260,000 policies with recurring and/or single premiums at year-end 2015. The AFM has reported that the "recovery advice" provided by the Group to mobilise customers is of good quality.

The Group mobilises customers by prioritising the most vulnerable groups. The interim results on customer mobilisation of all insurers, including the Group, were made public by the AFM on 28 October 2015 in a report (*Rapportage nazorg beleggingsverzekeringen*) (available at https://www.afm.nl/nl-nl/consumenten/nieuws/2015/okt/rapport-nazorg-beleggingsverzekeringen). This report includes the mobilisation targets for which the Group is on track. As at 21 August 2015, the Group had mobilised 100% of the most vulnerable group of policy holders (non-accruing policies or *niet opbouwende polissen*). As at 31 December 2015, the Group had mobilised 86% of the policy holders with an individual unit-linked life insurance policy combined with a mortgage. By the end of 2016, unit-linked policy holders with a non-accruing policy, a policy combined with a mortgage or an annuity policy must be mobilised.

In 2015, the remaining unit-linked portfolio accounted for 42% of Individual life's GWP and the unit-linked lapse ratio (calculated as the amount of lapsed unit-linked products during the year divided by the total Individual life technical provision as of year-end) was 7% (2014: 6%, 2013: 8%). As at 31 December 2015, the Group had 375,000 Individual life unit-linked policies (this also includes policies that are still active but for which the premium payment has been stopped) that accounted for 37% of the technical reserves of the Individual life service book. Approximately 31% of the in-force policies were taken out with a view to receiving an annuity at maturity, 35% for the purpose of funding a mortgage loan redemption, and 33% for purposes not known to the Group.

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



Distribution

For sales of Individual life products, the Group distributes new business via the intermediary channel (in 2014, it had the second largest market share of 26% in Individual life products measured by GWP (*source: IG&H Distributiemonitor 2015*)). At the same time, the Group has experienced an increasing demand by customers for direct and online contact, which it strives to address via its own online channel and direct customer services, including advice on annuity insurance for customers of the Group. Term life policies are also sold through aggregator websites. The Group has no dedicated account managers for individual customers of term life policies, and has internal teams set to services intermediaries.

Funeral Insurance

General

The Group (including Axent and NIVO) was the second largest provider of funeral insurance products in 2014 in the Netherlands measured by GWP with a market share of 24.0% (*source: am:jaarboek 2015*). The Group acquired three blocks of funeral business (de Facultatieve and Axent were acquired in 2012 and 2015, respectively, and the insurance portfolio of NIVO was acquired in 2016) and anticipates being able to realise cost synergies from these acquisitions in the coming years. In addition, the Group intends to shift remaining policies previously issued under the a.s.r. brand to the Ardanta book (the majority of the 3.5 million policies were transferred in 2011). The Group is the only active major main stream insurance company in the funeral insurance business in the Netherlands and its primary competitors are funeral service providers. The Group offers funeral insurance products under the Ardanta brand and with the acquisitions of Axent and NIVO the Group has two additional funeral brands. The Group administered 6.3 million policies (including 2.2 million Axent policies and excluding 0.3 million NIVO policies, with the transaction being approved by DNB in 2016) in 2015, 4.0 million policies in 2014 and 4.1 million policies in 2013. Compared to its Funeral Peers, the Group had the largest Funeral portfolio measured by the number of policies in 2015, which is more than double that of its closest Funeral Peer. The Group's average cost per Funeral policy in 2015 amounted to a low single-digit euro figure, which it believes made it the cost leader amongst the Funeral Peers in that year, with most Funeral Peers reporting an average cost per Funeral policy in the range of high single-digit euro figures.

Strategy

The Group, including Axent and NIVO, has a leading position in this niche market. The Group is the largest composite funeral insurer with a hybrid servicing model, the number two in terms of GWP in the funeral market and number one in terms of 'number of policies' (*source: am:jaarboek 2015 and DNB data*). The strategy of the Group's funeral insurance is to focus on optimisation of the value of the existing book and the acquisition of blocks of business. The funeral portfolio is a book with 100% mortality risk which naturally hedges the longevity risk of pensions to a significant extent and that hedge is expected to increase over time due to interest accrual within the funeral book. In order to maximise the value of the funeral book, the Group has three primary areas of focus:

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

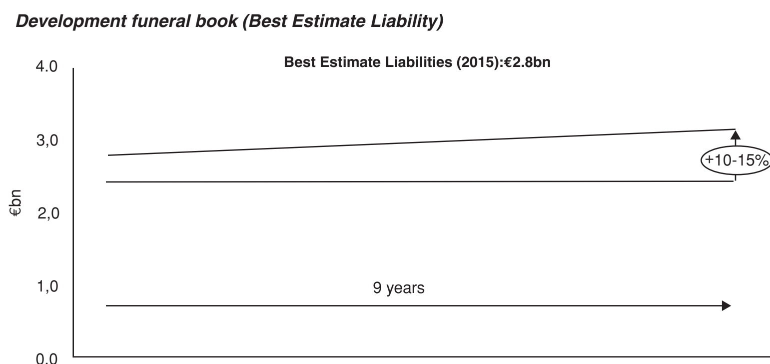
Cost effectiveness: In order to maximise the value of the portfolio, minimising the cost base is crucial. The Group's strategy is to maintain a lean funeral organisation, located in Enschede, and a low cost IT system which services already over four million policies. The Group believes that the cost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

Unlocking the value of acquired books: The Group believes that it has a strong track record of successfully acquiring and integrating blocks of business. In the past, the Group has integrated different funeral portfolios into its own operations and IT system. The Group acquired three large blocks of funeral business (de Facultatieve, Axent and NIVO). One of these is already fully integrated with the Group's low

cost operational systems that include a high percentage of variable costs. The Group believes that capital synergies have already been unlocked and the asset portfolio has been re-risked based on the Group's strong capital base and risk management framework. By adding blocks of business, the Group believes that it will be able to realise substantial cost synergies through leveraging its already low cost base and obtaining capital synergies through the natural hedge of mortality risks versus longevity risks and leveraging its skill in managing liability driven investments.

The Group believes that the execution of these strategic initiatives for its Funeral business will contribute to optimising the value of the Funeral book and to the growth of its Funeral best estimate liabilities in line with current expectations and the current estimated duration of the portfolio of approximately 30 years. At the end of 2015 the technical provision, based on Solvency II best estimate liabilities, was valued at €2.8 billion, as presented in the graph below. Based on Solvency II cashflows at 31 December 2015, the Group believes that the funeral best estimate liabilities will increase by approximately 10-15% in nine years. The additions to technical provisions exceed the release of technical provisions due to, among other factors, indexation and the compounding effect. Since mortality risk, as a characteristic of the Funeral business, diversifies well with longevity risk, the Group expects that Funeral book development will further improve the natural hedge between mortality and longevity risks over time.

Development funeral book (Best Estimate Liability)



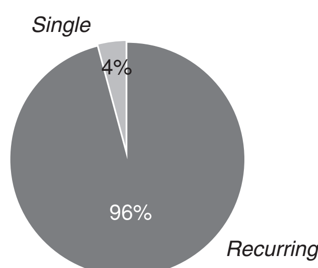
The actual development in the funeral book may differ from the Group's expectations, perhaps materially. The actual development will depend on the accuracy of various assumptions involving factors that are, in part, significantly or entirely beyond the Group's control and are subject to known and unknown risks, uncertainties and other factors that may result in actual developments that are different from those expected by the Group. See "Risk Factors". If one or more of the Group's assumptions are inaccurate or if any of the risks as included in "Risk Factors" should actually occur, the estimates and developments set out above may turn out to be incorrect, perhaps materially.

Products

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

In 2015, the Funeral unit accounted for 7.1% of the Life segment's GWP and 7.6% of the Life segment's new business (APE). Funeral new business (APE) amounted to €7 million in 2015 (2014: €4 million; 2013: €6 million). In 2015, 96% of Funeral GWP was attributable to recurring premium policies and 4% to single premium policies. As at 31 December 2015, the Group's Funeral product line had €4 billion of technical reserves and consisted of approximately 6 million policies.

The following chart shows the Group's Funeral product mix by GWP in 2015 (€129 million):



Distribution

Ardanta mainly utilises the intermediary distribution channel. Due to changing customer preferences and a ban on commissions introduced in 2013, Ardanta accelerated the implementation of new distribution channels including the direct channel. The customer contact sales team advises new and existing customers by telephone, personal visits and Internet channels. This change in distribution strategy has resulted in an increase in direct sales by the front office and via the internet channel (2015: 26%, 2014: 18%, 2013: 2%), measured by APE and a decrease of new business from indirect sales via intermediaries (2015: 55%, 2014: 60%, 2013: 67%). As at 31 December 2015, the Funeral account management team employed 2 FTEs.

Banking and Asset Management Segment

Banking

General

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

As at 31 December 2015, the Bank had a core Tier I ratio of 20%, average FTEs of 38 and a cost to income ratio of 88%. In 2015, the Bank generated investment fee income of €2 million and interest margin of 84 basis points. The following table shows the main balance sheet items of the Bank as at the dates indicated.

	As of 31 December		
	2015	2014	2013
	(in millions of euros)		
Mortgages	801	695	607
Bond	379	329	240
Investment portfolio	1,180	1,024	848
Total other assets	79	94	131
Total assets	**1,259**	**1,118**	**978**
Equity	62	63	57
Saving deposits	1,174	1,032	897
Provisions	1	1	1
Other liabilities	23	23	23
Total liabilities	**1,259**	**1,118**	**978**
KPIs:			
Return on equity	1%	(3)%	2%
CET1 regulatory ratio	20%	9%	18%

(1) See also "—Legal Proceedings—Administrative Fine DNB Imposed on the Bank".

In early 2015, the Bank determined that its calculation method of the capital charge of specific investment categories was inaccurate. By correcting this capital charge, the CET1 ratio of the Bank was set to 8.7% at

31 December 2014, which was below the minimum capital requirement of DNB. Immediately thereafter, the Bank reported the issue to DNB and took remedial actions, such as the sale of subordinated notes, in order to comply with the capital requirement and further improve its control framework in order to prevent reoccurrence.

Strategy

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

Products

The main categories of products offered by the Bank include the following:

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

The amount of Bank's savings deposits rose from €897 million to €1,032 million and further to €1,174 million as at 31 December 2013, 2014 and 2015, respectively. As at 31 December 2015, 57% of the Bank's savings deposits were comprised of savings annuities, 29% of on-demand savings by third parties, 11% of on-demand savings by Group's employees 2% of investment account deposits and 1% of term deposits.

Distribution

For sales of Bank products, the Group distributes new business via the intermediary and direct channels. The Bank strives to address the increasing demand for online service via its own online channel and direct customer services, and has therefore no dedicated account managers team in place.

Mortgage Loan Services

Strategy

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

Products

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

Asset Management

The Group's asset management business comprises four organisational units: a.s.r. Group Asset Management ("**ASR GAM**"), ASR Nederland Beleggingsbeheer ("**ANB**"), ASR Vermogensbeheer (that was recently acquired from BNG) and a.s.r. Real Estate Investment Management ("**ASR REIM**"). The Group's intention is to integrate the activities of ASR GAM, ANB and ASR Vermogensbeheer in one asset management company with an alternative investment license before the end of 2017.

Strategy

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

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

ASR GAM, ANB and ASR Vermogensbeheer

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

ASR GAM, ANB and ASR Vermogensbeheer offer a number of investment management services, which comprises the following categories:

- *Fiduciary asset management services:* These include strategic and tactical advice, portfolio construction, manager selection and monitoring, risk management and reporting to Group entities. In the near future, ANB plans to offer these products to Dutch institutional investors including APFs. As at 31 December 2015, this category accounted for €25 billion of AuM;

The following table sets out a breakdown of AuM held by ASR GAM and managed for the Group as at 31 December 2015, 2014 and 2013.

	As at 31 December					
	2015		2014		2013	
	(in € billions, unless indicated otherwise) (unaudited)					
Equity	2.0	8%	1.5	6%	1.4	8%
Fixed income	23.0	91%	21.7	93%	16.8	91%
Mortgages	0	0%	0	0%	0	0%
Other investments	0.4	2%	0.2	1%	0.2	1%
Total	**25.4**	**100%**	**23.4**	**100%**	**18.4**	**100%**

- *Balanced mandates:* These products are managed for e.g. reinsured pensions contracts, offering a diversified portfolio and taking into account the relevant investment restrictions. As at 31 December 2015, this category accounted for €3 billion of AuM;

The following table sets out a breakdown of AuM held for separate accounts as at 31 December 2015, 2014 and 2013.

	As at 31 December					
	2015		2014		2013	
	(in € billions, unless indicated otherwise) (unaudited)					
Equity	0.4	14%	0.3	14%	0.3	15%
Fixed income	1.9	77%	1.7	77%	1.6	80%
Mortgages	0	0%	0	0%	0	0%
Other investments	0.2	9%	0.2	9%	0.1	5%
Total	**2.5**	**100%**	**2.3**	**100%**	**1.9**	**100%**

- *Institutional mandates in specific asset classes:* This includes tailor-made solutions to specific investors (e.g. local governments, agencies and wealth funds) through the acquisition of ASR Vermogensbeheer (completed in May 2016) as well as institutional mandates for a select number of asset classes, such as Dutch and European equities, Euro fixed income (government and credit) and overlay strategies. At the start of 2016, this category accounted for €5 billion of AuM; and

- *Mutual funds for retail clients:* ANB is managing a number of mutual funds that offer clients either a tailored solution (via balanced funds) or exposure to a specific asset class. As at 31 December 2015, this category accounted for €7 billion of AuM.

As at 31 December 2015, ASR GAM managed €25 billion of AuM for the Group (for more information, see "—Investments" below) and ASR GAM and ANB managed €10 billion of AuM for third parties, which includes the separate accounts as aforementioned and excludes the €5 billion of AuM of ASR Vermogensbeheer managed for third parties.

For information on off-balance sheet commitments in respect of AuM, see "Operating and Financial Review—Contingent and Other Off-Balance Sheet Liabilities".

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

ASR REIM

ASR REIM is the Group's real estate asset management business. The Group's real estate development activities are reported as a separate operating segment, for more information see "—Real Estate Development".

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

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

The following table shows a breakdown of the AuM managed by ASR REIM as at 31 December 2015 by category.

	As at 31 December 2015
	(in millions of euros) (unaudited)
Retail	605
Offices	176
Residential	677
Parking	41
Rural	1,154
Real estate equities	74
Development investment property	14
Land and buildings for own use	155
Total for own account[1]	**2,896**
AuM managed for third parties[2]	1,319
Total	**4,215**

(1) Total for own account represents investments in real estate that are managed on behalf of the Group. As no investments on behalf of policyholders are invested in real estate, the full amount represents investments in real estate where the Group bears the investment risk.

(2) AuM managed for third parties represents investments in real estate that are managed for external parties. Therefore, it does not represent investments on behalf of policyholders or investments where the Group bears the investment risk

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

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

Distribution and Services Segment

The Distribution and services segment comprises the operations involved in the distribution of insurance products as well as providing additional services to intermediaries and policyholders. This is mainly comprised of the activities of financial services providers VKG and Boval acquired in 2015, as well as PoliService B.V. The Distribution and services segment accounted for 0.6% of the operating result (before tax) of the Group in 2015.

Strategy

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

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

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

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

VKG

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

Boval

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

As at 31 December 2015, Boval acted as an adviser for 14 insurance companies and provided mandated broker services for certain of their products and business lines. Based on these associations, Boval provides administration services as a service provider to advisers in respect of their commercial and back-office operations. Furthermore, Boval offers consulting and other services such as claims management, risk management, prevention, reintegration and leasing. Boval focusses primarily on the agricultural, transport, overhaul and civil construction sectors. Boval has ties with business associations of the agricultural (LTO) and transport (EVO) sectors. In 2014, Boval distributed €84 million of insurance premiums, primarily to SMEs, and its operating result was €4.7 million.

PoliService

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

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

Real Estate Development

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

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

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

Discontinued Operations

Discontinued real estate operations consist of projects and related commitments, as well as the acquisition portfolio and a number of land banks that are separated from the results of the Real estate development segment. The Group's remaining commitments in respect of these projects vary from the purchase of land to the development and construction of the real estate. See "Important Information—Presentation of Financial and Other Information—Changes in Accounting Policies and Segmentation; Discontinued Operations" for more information about the treatment in the Historical Financial Information of the results of the discontinued operations.

In April 2016, the Group sold ASR Vastgoed Ontwikkeling N.V. to Meijer Realty Partners. ASR Vastgoed Ontwikkeling N.V. comprised a part of the Group's real estate development operations, including De Zuid Norfolk in Scheveningen, the redevelopment of Kruisvaartkade in Utrecht, the next stages of the Meerrijk residential development in Eindhoven, Catharinasteeg/Aalmarkt in Leiden, Osdorpplein in Amsterdam, Prisma Bedrijvenpark in Bleiswijk, Oosterheem in Zoetermeer, the redevelopment project for Post Utrecht of the former post office at Neude in Utrecht and the acquisition portfolio. In addition, the Group intends to continue the disposal of the discontinued operations through a sale of the remaining land banks.

Corporate Social Responsibility

As an insurance provider, the Group believes it has an important role to play in, and a responsibility towards, society. The Group's CSR policy comprises five pillars: (i) insurance; (ii) people, (iii) investments, (iv) environment and (v) society.

The Group confirmed its ambition regarding CSR by endorsing international standards and initiatives, like the UN Principles for Sustainable Insurance, the UN Principles for Responsible Investment and the UN Global Compact. In December 2015, the Group signed the Paris Pledge for action. By signing this act, the Group reaffirmed its strong support for a climate agreement reached at the COP21 in Paris.

Insurance

The Group's overall mission is to offer transparent and simple insurance solutions as a trusted partner to its customers. Customers can rely on the Group to fulfil its financial obligations. The Group believes it is able to provide sustainable insurance products and services to its customers. This is reflected in an NPS, a metric used by the Group to measure customer satisfaction. New products of the Group are subject to review (Product Approval and Review Process) prior to being launched, which ensures that products are developed in such a way as to meet the needs of customers and square with treating customers fairly. a.s.r., De Amersfoortse, Ditzo and Europeesche have been awarded the Customer-Oriented Insurance Quality Mark.

People

The Group considers diversity important and is particularly focused on recruitment, promotion and retention of women in management positions (with women comprising 44% of the workforce, 25% of senior management and 25% of the Executive Board as at 31 December 2015, and 25% of the Supervisory Board, including the fourth Supervisory Board member who started formally on 1 January 2016). The Group also demonstrates social responsibility by providing equal opportunity employment for those with physical disabilities. Furthermore, the Group is investing in the empowerment of people and sustainable mobility.

Engagement of employees is an important goal for the Group. A survey is conducted annually to assess employee engagement. According to a survey conducted in 2016, the score for fully engaged employees of the Group was 65%. The latest publicly reported European average was 57% in 2014 (*source: AON Engagement 2015*). The scores of the engagement survey are discussed by individual teams. Furthermore, the Group believes that a good work-life balance, health and vitality are important in being considered a good employer.

Investments

As an institutional investor, the Group believes it is important to implement ethical and sustainable criteria in its investment policies, consistent with the Group's value over volume philosophy. The Group's Social Responsible Investment ("**SRI**") policy requires investments to be screened on a number of criteria including social and environment aspects. For example, under the current SRI policy, the Group pursues a strict exclusion of investments in producers of weapons of mass destruction, nuclear energy and the gambling and tobacco industries, and the Group requires businesses to invest only in companies adhering to standards regarding equal treatment, freedom of association and the exclusion of child labour. For the investments in state loans, the Group strives to exclude countries which score poorly in the Freedom in the World Annual Report and the Corruption Perceptions Index. The Group's investment portfolio is reviewed semi-annually by Forum Ethibel, which provides certifications.

Environment

The Group strives to take environmental considerations into account and limit the burden on the environment. For example, the Group has implemented measures to decrease the use of resources like energy and water, and manage waste management, mobility and CO_2 emissions by:

- Renovating its headquarters rather than building a new office. After the renovation, the office is expected to use 50% less energy. The energy label improved from "G" to "A".
- In its real estate development business, participating in the 'Land for Land' program to create new "nature" and supporting local community activities in the areas where it operates.

- Implementing an active mobility policy, through which the Group aims to improve the accessibility of buildings and reduce CO_2 emissions.
- Keeping track of its procurement process and striving to take the impact on society into account as contemplated by the Manifesto Socially Responsible Procurement and Business.

Society

The Group aims to be socially responsible and participates in a variety of sustainable social initiatives including its a.s.r. Foundation. The Group believes that the foundation plays an important role in sharing knowledge and enthusiasm and in facilitating the involvement of employees in community involvement. The objectives of the foundation are:

- To encourage the Group's employees to take part in community initiatives, both during and outside working hours. During working hours, these involve team activities for the community; the Stimulansplan incentive plan has been created to facilitate employees' volunteering activities in their spare time;
- To encourage financial self-reliance and awareness, especially among vulnerable groups in society, through education, communication and public relations; and
- To undertake activities in collaboration with various public-interest groups.

For example, the Group actively participates in the 'Week of the Money'. The goal is to educate primary school children about how to deal with money. Also, the Group supports LEF (Life and Finance), which is an innovative platform for financial education for children between the ages of 15 and 22 and is targeted at providing intermediate vocational education, and the "financial volunteer at home" program where Group employees assist people with low incomes by helping these people in arranging their finances and administration.

Information and Communication Technology (ICT)

ICT within the Group supports key technical and organisational aspects for efficient ICT management between the Group's various business lines. Between 2009 and 2012, in connection with the Group's separation from Fortis, its focus was on multiyear investments in new ICT platforms to achieve synergies, and to allow the Group's different business lines to share the same ICT systems and solutions. Since 2013, the ICT strategy changed and currently focuses on creating a business-focused and aligned ICT landscape, and reducing complexity and overall ICT-related operating expenses. Earlier ICT platforms have been or are scheduled to be replaced by flexible SaaS solutions. In the Life segment, Pensions has successfully migrated contracts from several legacy back-office administration systems to two target ICT applications.

The current ICT strategy of the Group includes the following elements:

- Increase autonomy of the business lines within the parameters of central ICT policy (e.g. architecture (out)sourcing and security);
- Decrease fixed costs (and increase the percentage of its cost base represented by variable costs);
- Improve delivery quality and speed; and
- Rationalise application landscape and structurally lower ICT costs.

As part of this strategy, the Group is in the process of executing several ICT projects in order to simplify its business, streamline costs, improve service levels for customers and adhere to applicable laws and regulation. The main target applications per business line are presented in the table below.

Product Line	Target ICT application	Status
P&C:		
Consumer	QIS/Quinity (SaaS)	Starting phase
Business	QIS/Quinity (SaaS)	Starting phase
Disability:		
Group	HP Radience	Implemented
Individual	Application to be determined	To be determined
Health	Delphi R&D (SaaS)	Implemented
Individual life (service book)	LeanApps (SaaS)	In progress
Pensions:		
a.s.r. DB & DC	IAP	Implemented
De Amersfoortse DC	Lifetime (SaaS)	Implemented
APF	AXY-Life (SaaS)	Implemented
Funeral	Switch	Implemented
Mortgages	Stater (SaaS)	Implemented

The Group's main ICT projects and strategy by business line includes:

- *P&C:* In 2016 a contract was signed with QIS/Quinity enabling P&C to migrate to a SaaS solution in the coming years. Whether or not Ditzo and Europeesche will also be migrated to a SaaS solution has not yet been decided;
- *Disability:* Following the implementation of a new system for its Group disability business, complete the conversion of the old system to the new platform and add new functionality at the Group level. For the Individual disability business, the target application still needs to be determined;
- *Health:* Since 2014, this Business line makes use of the ICT platform of DSW (SaaS). The old legacy systems have been phased out;
- *Individual life:* An analysis with respect to service books is being performed aimed at identifying ways to reduce costs by rationalising the ICT landscape through SaaS solutions. A SaaS solution has been implemented and the first conversion for one of the service books has been finished;
- *Pensions:* Product "*werknemerspensioen*" has been launched in 2013 on a SaaS solution which has a straight-through (i.e. fully automated) processing degree of approximately 80%; the Group intends to launch the APF in the second quarter of 2016 on SaaS. The majority of the other ICT projects are focused on compliance, business improvements and conversion; and
- *Funeral:* The Group plans to migrate all newly acquired funeral books to Switch (NIVO and Axent).

The Group is also developing a new reporting structure that provides, via a more STP process, the necessary financial and risk data required for Solvency II.

Given the diverse nature of services needed for the product lines, the Group has chosen a multi-vendor strategy whilst minimising the number of suppliers. Suppliers are selected in cooperation with the central purchasing and contract management department. Infosys is used as an important sourcing partner for software development in general.

Data Protection

The Group has implemented certain policies and procedures to address data protection and privacy matters with respect to customer data. The Group maintains online privacy and cookie statements. The privacy statements describe, amongst others, the categories of data the Group collects, the purposes of such data collection and how customers may access such data, and to the extent necessary correct any inaccuracies. Customers can contact the Group with requests related to that data in writing, to further enhance its ability to comply with the various data privacy laws and regulations (such as the Dutch Data Protection Act (*Wet bescherming persoonsgegevens*)). The Group also has a policy with respect to data leakage to comply with new legislation in this respect (see "Supervision and Regulation—Dutch Regulatory Framework—Dutch Data Protection Act"). Furthermore, the Company has appointed a Data Privacy Officer. The Group regularly reviews its policies.

Intellectual Property

The Group is the owner of several trademarks, trade names and logos predominantly in the Benelux, including trademarks for "a.s.r.", "ASR", "De Amersfoortse", "Ditzo", "Europeesche Verzekeringen", "Ardanta", "doorgaan.nl" and "Het nederlandse pensioenfonds". The registration of these trademarks gives the Group the statutory right to exclusive use thereof and allows it to act against infringement. The Group believes its core intellectual property rights are adequately protected. The Group is also the owner of a number of domain names, including "asr" in combination with the top level domains "com" and "nl".

Employees

The Group believes that the quality of its employees is key in ensuring that the Group achieves its strategy. The Group's HR strategy is built around supporting the business to be both operationally effective and efficient, by offering pragmatic solutions and adding value to the business.

The economic recession has put pressure on the Dutch insurance sector in the past few years. For the Group, this has prompted a series of efficiency measures, including a reduction of staff. Although the Group plans to continue to implement efficiency measures, it also invests in learning and development because this improves engagement, expertise and sustainable employability.

The Group's HR policy focuses on the learning ability of its employees. Expertise and experience is of the utmost importance in the Group's business. The learning and development philosophy is integrated within all the HR tools and policies. Leadership is one of the Group's focal points. Succession planning is well secured through a regular talent review and elaborate talent development programs, with new programs recently introduced.

Sustainable employability is an important HR theme. Through a special approach, called '*In Beweging*', employees are being facilitated to take responsibility for their own development and careers. In the Group's newly agreed social plan, '*Het Andere Plan'*, this aspect of ownership on employability by employees is key. For the Netherlands this approach is unique and underlines the social responsibility that the Group strives for. Social responsibility is also amplified by the Group's 'new way of working program' that aims to contribute to a good balance between work and private life.

Through an independent engagement scan, the Group measures the engagement of its employees. The result of the survey conducted in 2015 was an engagement score of 54%. The latest results of the survey conducted in 2016 showed an increase in the full engagement score which amounted to 65%. This is substantially higher than the European score of fully engaged employees of 57% in 2014 (*source: AON Engagement 2015*).

The table below provide an overview of the total numbers of employees the Group employed as at 31 December 2015, 31 December 2014 and 31 December 2013, sub-divided by operating segment. These numbers are measured in FTEs.

	As at 31 December		
Segment	**2015**	**2014**	**2013**
Non-life	1,260	1,210	1,151
Life	620	615	644
Other	2,368[(1)]	2,260	2,369
Total number of FTEs[(3)]	**4,248[(2)]**	**4,085**	**4,164**

(1) Of which 1,610 FTEs—Holding and other, 517 FTEs—Distribution and services, 212 FTEs—Banking and Asset Management and 29 FTEs—Real estate development.

(2) Including 344 FTEs from recently acquired entities as at 31 December 2015.

(3) The number of internal FTEs increased by 3.9% to 3,650 FTEs in 2015 (2014: 3,513 FTEs; 2013: 3,789 FTEs; 2012: 4,088 FTEs, 2011: 4,264 FTEs) due to acquisitions (+344 FTEs), offset by a decrease of 207 FTEs as a result of continuing cost-cutting programmes. The number of external FTEs increased to 598 FTEs (2014: 572 FTEs; 2013: 375 FTEs) due to several strategic projects in 2015.

Legal Proceedings

General

The Group is involved in litigation proceedings in the Netherlands, involving claims by and against the Group which arise in the ordinary course of its business, including in connection with its activities as insurer, lender, broker-dealer, underwriter, issuer of securities, investor and real estate developer and its position as employer and taxpayer. In certain of such proceedings, very large or indeterminate amounts are sought. While it is not feasible to predict or determine the ultimate outcome of all pending or threatened litigation proceedings, the Group believes that some of the proceedings set out below may have, or have in the recent past had, a significant effect on the financial condition, profitability or reputation of certain Group companies or the Group as a whole.

Dutch Unit-Linked Products

Since the end of 2006, individual unit-linked life insurance products (*beleggingsverzekeringen*) have received negative attention in the Dutch media, from the Dutch Parliament, the AFM, consumers and consumer protection organisations. Elements of unit-linked policies are being challenged or may be challenged on multiple legal grounds. For more information, see "Risk Factors—Regulatory/Legal and Compliance Risks—40. Litigation and regulatory investigations and sanctions may have a material adverse effect on the Group's business, revenues, results and financial condition". The criticism and scrutiny on unit-linked life insurance products led to the introduction of compensation schemes by Dutch insurance companies that have offered unit-linked products. In 2008, the Groups' Life insurance subsidiaries reached an outline agreement with two main consumer protection organisations to offer compensation to their unit-linked policyholders where individual unit-linked policies had a cost charge and/or risk premium charge in excess of an agreed maximum. A full agreement on implementation of the compensation scheme was reached in 2012. The total recognised cumulative financial impact of costs relating to the compensation scheme for Individual Life in the Group's profit and loss account until 31 December 2015 was €1,046 million. This includes, amongst other things, compensation paid, amortisation of surrender penalties and costs relating to improved product offerings. The remaining provision in the balance sheet as at 31 December 2015 amounted to €160 million and is solely available to cover costs relating to the compensation scheme. On the basis of this agreement, the Group offered consumers additional measures such as alternative products and less costly investment funds. In addition to the compensation scheme, the Group has implemented additional measures (*flankerend beleid*), including the ten best in class principles as formulated by the Dutch Minister of Finance. On 17 July 2015, the Dutch Ministry of Finance published an Order in Council (*Algemene Maatregel van Bestuur*), pursuant to which insurance companies can be sanctioned if they do not meet the compulsory targets set for approaching policyholders of unit-linked life insurances and prompting them to review their existing policies. For more information, see "—Business Segments—Life Segment—Products—Individual life—Unit-Linked/Universal Life Portfolio".

The agreement with the two consumer protection organisations and additional measures are not binding for policyholders. Consequently, neither the implementation of the compensation schemes nor the additional measures offered by the Group prevent individual policyholders from initiating legal proceedings against the Group's Dutch insurance subsidiaries and making claims for damages.

The Group is subject to a number of legal proceedings initiated by individual unit-linked policyholders, in most cases represented by claims organisations such as Stichting ODIN/Graafsma, ConsumentenClaim B.V. ("**ConsumentenClaim**") and Stichting Woekerpolisproces. While to date fewer than 10 cases are pending before Dutch courts and fewer than 100 cases are pending before the Dispute Committee (*Geschillencommissie*) of the FSCB, there is no assurance that further proceedings will not be brought against the Group in the future. Future legal proceedings regarding unit-linked life insurance policies might be brought upon the Group by consumers individually, by consumer organisations acting on their behalf or in the form of a collective action. Furthermore, there is an ongoing lobby by consumer protection organisations, such as the Consumentenbond and Stichting Geldbelangen, to continuously gain media attention for unit-linked life insurance policies. These organisations argue, amongst other things, that consumers did not receive sufficient compensation on the basis of the compensation scheme.

In 2011, three trial proceedings were initiated by ConsumentenClaim B.V. against the Group regarding certain unit-linked life insurance products. These cases are currently pending before the Courts of Appeal of The Hague and 's-Hertogenbosch. Amongst other things, ConsumentenClaim argues that the Group (a) has not provided the policyholders sufficient information about certain elements of the products, such as costs, risk premiums and the leverage capital consumption risk and (b) had a duty of care towards the

policyholders, which the Group has breached. At the moment, the timing and outcome of these proceedings is uncertain.

There has been for some time and continues to be political, regulatory and public attention focused on unit-linked life insurance policies. Elements of unit-linked life insurance policies of the Group are being challenged on multiple legal grounds in current, and may be challenged in future, legal proceedings. There is a risk that one or more of the current and/or future claims and/or allegations will succeed. Because the book of policies of the Group dates back many years, contains of a variety of products with different features and conditions and because of the current lack of legal precedents, no reliable estimation can be made regarding the timing and the outcome the current and future legal proceedings. Therefore, the potential risks and the effects upon the Group's financial position and business cannot be reliably estimated or quantified at this point. If one or more of these legal proceedings should however succeed, there is a risk a ruling, although legally only binding for the parties that are involved in the procedure, could be applied to or be relevant for other unit-linked life insurance policies sold by the Group. Consequently, the financial consequences of any of the current and/or future legal proceedings brought upon the Group can be substantial for the Group's life insurance business and may have a material adverse effect on the Group's financial position, business, reputation, revenues, results of operations, solvency, financial condition and prospects.

Administrative Fine DNB Imposed on the Bank

In March 2015, the Bank determined that its calculation method for solvency purposes of specific investment categories, specifically certain subordinated notes issued by other financial institutions, was inaccurate. Immediately following that determination, the Bank reported this to DNB and took remedial actions, including the sale of subordinated notes in order to comply with its capital requirements and further improvements to its control framework in order to prevent reoccurrence. Following the correction of its financial records to reflect the correct calculation method, the CET1 ratio of the Bank was set to 8.7% at 31 December 2014, which was below the minimum capital requirement of DNB. In addition, the CET1 ratio of the Bank was determined to be negative at 31 January and 28 February 2015.

On 2 March 2016, DNB notified the Bank that it intended to impose and publish an administrative fine because of the negative CET1 ratio in January and February 2015. The Bank has provided DNB with its views regarding this matter during a hearing that took place on 23 March 2016. On 23 May 2016, DNB published its decision to impose a fine of €350,000 on the Bank. The base amount for a fine of this nature is €2 million.

Examination Dutch Sanctions Act 1977

In 2015, DNB examined to what extent insurance companies comply with the Dutch Sanctions Act 1977. During its examination of ASRS, DNB concluded that ASRS does not fully comply with this legislation. This non-compliance mainly concerns ASRS' procedures for cross-checking its clients and third parties against sanctions lists. ASRS is currently in the process of implementing DNB's recommendations and aims to complete this implementation in the course of 2016. DNB announced that it intends to re-examine ASRS in June 2016.

Material Contracts

Other than the Relationship Agreement described under "Shareholder Structure and Related Party Transactions" and the Underwriting Agreement described under "Plan of Distribution", and other than agreements entered into in the ordinary course of business, there are no agreements that have been entered into by any member of the Group within the two years immediately preceding the date of this Prospectus which are material or which have been entered into by any member of the Group at any other time and which contain provisions under which any member of the Group has an obligation or entitlement that the Group considers material to the Group as of the date of this Prospectus and the acquisitions and disposals of or by any of the Company's direct or indirect subsidiaries which have taken place in 2014, 2015 and 2016.

Property and Equipment

The table below sets out the fair value of the properties owned by the Group and the net carrying value of the Group's equipment as at 31 December 2015, 2014 and 2013.

Property and Equipment

	As at 31 December		
	2015	2014	2013
	(in millions of euros)		
Equipment[(1)]	11	9	12
Land and buildings own use[(2)]	155	131	85
Total	**166**	**140**	**97**

(1) The equipment consists of furniture, hardware and cars, and is depreciated by the Group over three to five years.

(2) 31 December 2013 and 31 December 2014 have not been restated to fair value for investment property for own use (fair value was €91 million at 31 December 2013 and €133 million at 31 December 2014).

Property, plant and equipment is mainly comprised of buildings for own use, including redevelopment costs of the headquarters in Utrecht, the Netherlands. The own use buildings are leased to the Company on an arm's length basis with related gross income of €8.7 million in 2015 (including Pythagoraslaan).The Group's headquarters at the Archimedeslaan in Utrecht have recently been redeveloped. The redevelopment started in 2012 and was completed at the end of 2015, after which the employees previously located at the Group's offices in Hoogoorddreef, Amsterdam have been or will be relocated to the Archimedeslaan. The Stadsring Amersfoort already is, and Hoogoorddreef, Amsterdam, will be made available for new tenants.

The Group obtains a fair value for the land and buildings for own use on an annual basis from an external appraisal. Such value was €155 million in 2015 and €131 million in 2014.

The Group owns and leases various equipment to operate its business, which primarily relates to data processing, ICT equipment and fixtures and fittings. The Group's data processing and ICT equipment is partly owned (i.e. laptops), leased (i.e. printers) or falls under service contracts (i.e. telephony, LAN and servers). The Group's equipment relating to its facilities (such as fixtures and settings) is predominantly owned.

Investments

The Group's investment policy is aimed at striking a balance between generating returns and managing market risks. Protecting the capital position of the Group is an important factor in this context. A key part of the Group's investment strategy is to manage its assets in accordance with its insurance liabilities.

The Group grounds its investment policy on a market risk budget both for the investment portfolio as a whole and by asset class. The determination of the market risk budget is the outcome of a dynamic budgeting process, which takes into account the capital position of the Group based on ECAP principles. Important elements of the Group's investment policy are the positive correlation of the market risk budget with the size of available capital, as well as that the non-allocated budget, similar to the other risk budgets, which fluctuates based on available capital and attempts to prevent pro-cyclical investment behaviour by the Group.

The Group uses the market value of own funds based on ECAP as a starting point in determining its investment policy. Under ECAP, insurance liabilities are measured on a swap curve including the UFR. In addition, the VA is added as a spread to the discount curve used to calculate the market value of the liabilities. The current practice is that the part of the market value of own funds assigned to the insurance risk budget is equal to the actual amount of required capital needed for insurance risks, taking diversification into account. What remains after reducing the available risk budget by these insurance risks is the total budget that is in principle available for market risks. Part of this budget remains unallocated in order to avoid excessive market risk-taking.

The VA was introduced to the Solvency II framework as an add-on to the interest rate curve used to discount insurance liabilities. The VA is designed to prevent pro-cyclical investment behaviour and mitigate the effect of exaggerations of bond spreads. The VA is part of the so-called 'long-term guarantee

measures' which were introduced by the Omnibus II Directive to smooth out artificial volatility and ensure that insurers can continue to provide long-term protection at an affordable price.

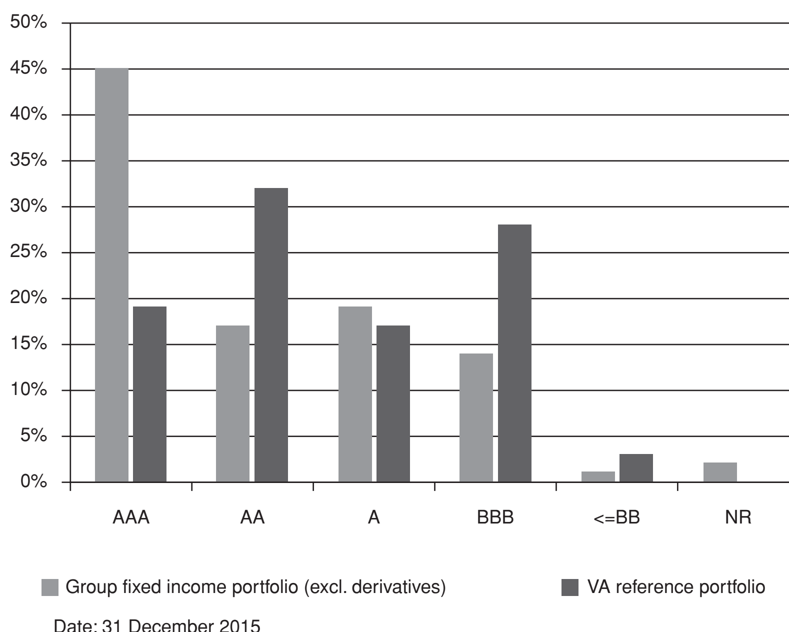
Next to the Solvency II reporting, the Group applies the VA to its own ECAP model. The VA, which is calculated by EIOPA on a monthly basis and stood at 22 basis points as of 31 December 2015 for the Euro currency, is added to the discount curve up to year twenty. From that point onwards the discount curve is extrapolated using the UFR so part of the VA-effect persists beyond the twenty-year point.

EIOPA bases the calculation of the VA on the credit spread on a reference portfolio representing the asset mix of an average European insurer. The reference portfolio consists of a basket of European corporate and sovereign bonds and is reviewed annually by EIOPA.

The VA offsets the impact of credit spread widening on the Group's fixed income portfolio. When comparing the VA reference portfolio to the Group's fixed income portfolio as at 31 December 2015, the Group's portfolio contained more high-quality sovereign bonds, fewer lower-rated sovereign bonds and fewer financial corporates. As at such date, there was also a duration mismatch as the VA is applied to the insurance liabilities discount curve and thus attracts a long duration while the Group's fixed income portfolio (excluding derivatives) had a shorter duration.

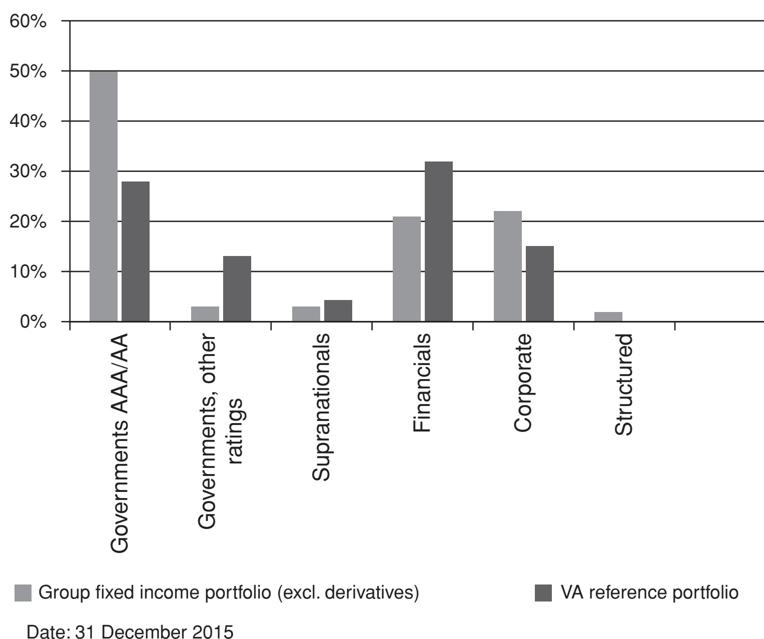
As a result of these differences in reference portfolio composition and duration, an increase in credit spreads (excluding AAA/AA-rated government bonds) is expected to have a positive effect on the Solvency II ratio of the Group.

Volatility Adjustment: Group's Fixed Income Portfolio vs VA Reference Portfolio



(*source: EIOPA, Company calculations*)

Volatility Adjustment: Group's Fixed Income Portfolio vs VA Reference Portfolio



(*source: EIOPA, Company calculations*)

In order to determine the budget that the Group wishes to allocate to market risk and the allocation of the market risk budget across high-level asset classes, the Group performs an annual SAA study. The SAA study models the optimal allocation between asset classes based on risk, return and correlations in various economic scenarios. The Group simulates in this SAA study among others four economic world views, 2,000 five-year paths for market rates, different Solvency II ratios of the group, the development of liquidity, etc. The liquidity position of the Group was also included in this SAA study as a boundary condition. Based on this SAA study, only part of the budget in principle available for market risks is allocated to market risks in practice, as the following two constraints must be satisfied:

- *Constraint A:* The probability of the Solvency II ratio including UFR to decrease below 120% is intended to be below 5%. This constraint is designed to ensure that the Solvency II ratio complies under various economic scenarios with the risk appetite statement limits of the Group for Solvency II and ECAP; and
- *Constraint B:* The probability of the Solvency II ratio excluding UFR to decrease below 100% is intended to be below 5%. This constraint is designed because the Company also evaluates its Solvency II position on the basis of an SCR framework (calculated according to the standard formula) excluding the UFR.

After the determination of the market risk budget for the Group as a whole, the market risk budget is allocated to the various Solvency II risk categories, including interest rate risk, credit risk, equity risk and real estate risk.

Due to the nature of the Group as an insurer, allocating risk budget to interest rate risk and managing interest rate risk and interest rate exposures is an essential part of its business. Although in the long run the Group expects to earn no risk premium on interest rate exposures, it accepts some interest rate risk exposures for the following reasons:

- Hedging of the variance between discount rate for assets and liabilities cannot be cost efficient due to limited supply in specific maturities; and
- Interest rate instruments with a duration beyond 30 years are not traded in an active market. This means that there are not always very reliable market reference rates for the applied swap curves beyond 30 years. Therefore the Group strives to be cautious in applying hedges beyond 30 years.

Based on the above, the Group has determined an interest rate risk policy and accordingly allocated market risk budget to interest rate risk, such that it aims to minimise the negative impact of interest rate movements on its Solvency II ratio, calculated to include the UFR. The long duration of the liabilities and

the limited availability of assets or interest rate derivatives with the required long durations, and the aim of the Group to minimise its interest rate exposure on an including UFR basis, results in an underweight for longer durations and an overweight in shorter durations. This could result in more sensitive asset movements when the interest rate drops. Furthermore, in the current environment with historically low interest rates, the difference between the use of a curve inclusive or exclusive of the UFR is significant. When the UFR is not taken into account in the interest rate hedge, this would lead to volatility of the Solvency II ratio when interest rates fluctuate. The Solvency II ratio would for example decrease when interest rates rise. During the course of 2015, the Group has decided to hedge interest rate risk with a view to minimising the impact on the Solvency II ratio (i.e. including UFR) when interest rates rise. The consequence of hedging the Solvency II ratio (including UFR) is that the Solvency II ratio excluding UFR becomes more sensitive to interest rate movements. However, the Group also monitors the impact of a (0.5)% downward shock in interest rates on the Solvency II ratio excluding UFR. If at any point in time such a stress scenario would cause the Solvency II ratio excluding UFR to drop below 100%, the Group intends to propose mitigating actions. Additionally, the Group has set, as part of its interest rate risk policy, constraints for the first order interest rate sensitivity and convexity exposures per maturity bucket.

The Group bases the allocation of market risk budget to different high-level asset classes corresponding with the Solvency II market risk categories on quantitative (part of SAA study), as well as qualitative studies (e.g. fundamental research). The allocation of market risk budget to asset classes is derived and optimised by considering variants where certain asset classes receive a greater share of the budget at the expense of other asset classes and considering variants where the market risk budget that is allocated increases faster/slower when the Solvency II ratio changes.

Furthermore, the Group performs asset-only studies to determine the best sector and region allocation within asset classes. Asset only studies are prepared for the asset classes "equities", "fixed income" and "real estate investments", and are based on model assumptions around risk, reward and correlations within asset classes. The outcome of the quantitative asset-only studies is also refined with fundamental research.

In the course of performing the SAA study, its assumptions, research topics and results are reviewed annually by the Risk department. Thereafter, the SAA study is certified by relevant committees, with final decision-making by the Financial Risk Committee and the Executive Board. The approved market risk budget thereby becomes part of the investment framework and the investment process. The Group's investment policy requires investment portfolio managers to manage the investments of the Group on a daily basis within the boundaries given by the SAA study, asset-only studies and the fundamental research.

For the avoidance of doubt, the breakdown below of the investment portfolio by asset class is not based on the Group's ECAP methodology. In addition to the information with respect to the Group's investment portfolio in "Business—Investments", this Prospectus includes information with respect to the Group's investment portfolio in "The Group's Consolidated Financial Statements as of and for the Year Ended 31 December 2015—Risk Management". The information included in "The Group's Consolidated Financial Statements as of and for the Year Ended 31 December 2015—Risk Management" reflects the way the Group assesses its investment portfolio for risk management purposes, and differs from the information with respect to the investment portfolio as presented in accordance with IFRS and the non-IFRS information set out in "Business—Investments". The information with respect to the investment portfolio included in "The Group's Consolidated Financial Statements as of and for the Year Ended 31 December 2015—Risk Management" is included solely to provide investors a better understanding of the way in which the Group manages risk. For purposes of its risk management, the Group makes a number of adjustments to the investment portfolio. These adjustments are primarily driven by application of the Group's ECAP methodology as applied by the Group in connection with its risk management. Differences between the investments in accordance with IFRS, as presented in the table in "Business—Investments", and the investments shown in "The Group's Consolidated Financial Statements as of and for the Year Ended 31 December 2015—Risk Management" are amongst others caused by a revaluation of loans, mortgages and savings-linked mortgage loans under ECAP. Under ECAP, a fair value method for these asset classes is used, based on a discounted cash flow method. Valuation of these assets in accordance with IFRS is based on an amortised cost method. Further, compared to IFRS, under ECAP some reclassifications are made because of applying look-though principles.

The table below sets out the breakdown by asset class in terms of the Group's AuM as at 31 December 2015, 2014 and 2013, respectively in accordance with IFRS as presented in the Group's audited consolidated financial statements as of and for the years ended 31 December 2015, 2014 and 2013.The Group's investment portfolio is divided between investments for own account and investments on behalf of policyholders, as also shown in the table below.

AuM of the Group (in accordance with IFRS)	As at 31 December 2015		
	2015	2014	2013
	(in millions of euros)		
Assets			
Fixed income securities	21,781	20,576	17,178
Equities	3,180	2,276	2,387
Other investments	102	111	123
Investments	**25,063**	**22,963**	**19,688**
Loans and receivables	10,486	9,607	8,794
Cash and cash equivalents	2,628	3,135	1,521
Derivatives assets	2,196	3,435	1,054
Derivatives liabilities	(377)	(387)	(535)
Financial assets and derivatives held	**39,996**	**38,753**	**30,522**
Land and buildings for own use	155	131	85
Investment property	2,667	2,833	2,759
Total investments (including derivatives)	**42,818**	**41,717**	**33,366**
Investments on behalf of policyholders	7,924	7,957	7,705
Total AuM	**50,742**	**49,674**	**41,071**

The presentation of AuM in the table below reflects how the Group reports its investments and management believes that such presentation provides a more complete understanding of the Group's financial positions than the financial information prepared in accordance with IFRS alone. This information, as well as in the respective explanatory paragraphs, is based on the Group's accounting records.

AuM of the Group based on management view (including reclassification items)	As at 31 December 2015		
	2015	2014	2013
	(in millions of euros) (unaudited)		
Assets			
Fixed income securities	21,656	20,446	17,178
Equities	3,271	2,343	2,500
Other investments	136	174	11
Investments	**25,063**	**22,963**	**19,688**
Loans and receivables	10,486	9,607	8,794
Cash and cash equivalents	2,628	3,135	1,521
Derivatives assets	2,196	3,435	1,054
Derivatives liabilities	(377)	(387)	(535)
Financial assets and derivatives held	**39,996**	**38,753**	**30,522**
Land and buildings for own use	155	131	85
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Investments on behalf of policyholders	7,924	7,957	7,705
Total AuM	**50,742**	**49,674**	**41,071**

There are some reclassification items between the investment categories within Investments as shown in the table above and the investment categories within Investments reported in accordance with IFRS as presented in the table prior and as presented in the Group's audited consolidated financial statements as of and for the years ended 31 December 2015, 2014 and 2013 included elsewhere in this Prospectus or

incorporated by reference in this Prospectus. These reclassification items are shown in the "Investments reclassification items" table below.

Investments reclassification items	As at 31 December 2015		
	2015	2014	2013
	(in millions of euros) (unaudited)		
Fixed income securities(1)	(125)	(130)	—
Equities(2)	91	67	112
Other investments(1)(2)	34	63	(112)
Total investments reclassification items	—	—	—

(1) Part of other investments is comprised of preference shares in Koninklijke Ahold N.V. held through Deltafort, a 50% joint venture with Delta Lloyd. In accordance with IFRS these investments are reported as fixed income securities (€125 million and €130 million in 2015 and 2014 respectively).

(2) As part of its external reporting under IFRS, the Group is required to consolidate a number of equity positions into its reported financial position prepared in accordance with IFRS (totalling €91 million and €67 million in 2015 and 2014 respectively). For example, in accordance with IFRS 10 the Group is required to proportionally consolidate its stake in a.s.r. Property Fund N.V. into its reported financial position prepared in accordance with IFRS because the Group exercises control over this fund (€83 million and €59 million in 2015 and 2014 respectively). Furthermore, the Group held a 100% equity stake in a number of investment funds accounting for a value of €112 million in 2013.

Fixed Income Portfolio

The Group's general account fixed income portfolio comprises government bonds, financial bonds, corporate bonds, structured instruments and preference shares.

Given that the policyholder liabilities generated in the life insurance business are generally long-term liabilities, a significant portion of the Group's total investment portfolio is comprised of long-term fixed income assets. As at 31 December 2015, the Group's general account fixed income portfolio represented 51% of the total market value of the total investments for own account (31 December 2014: 49%). Interest rate swaps and interest rate swaptions are used to further enhance the matching of assets and liabilities.

The table below sets out the market value of the Group's general account fixed-income assets (excluding derivatives) by rating as at 31 December 2015, 2014 and 2013, respectively.

General Account Fixed Income Portfolio by Rating

	As at 31 December					
	2015		2014		2013	
	Market value	(% of total)	Market value	(% of total)	Market value	(% of total)
	(unaudited) (in millions of euros, unless indicated otherwise)					
AAA	9,709	44.8%	5,912	28.9%	4,722	27.5%
AA	3,739	17.3%	7,167	35.1%	6,839	39.8%
A	4,457	20.6%	3,695	18.1%	2,512	14.6%
BBB	3,308	15.3%	2,884	14.1%	2,466	14.4%
Less than BBB	382	1.8%	721	3.5%	567	3.3%
Not rated	60	0.3%	67	0.3%	72	0.4%
Total	**21,656**	**100.0%**	**20,446**	**100.0%**	**17,178**	**100.0%**

(1) The credit rating of the fixed income securities is based on internal rating models and external sources and reflects the probability of default.

The table below sets out the market value of the Group's general account fixed-income bonds by type of issuer as at 31 December 2015, 2014 and 2013, respectively.

General Account Fixed Income Bonds by Type of Issuer

	As at 31 December					
	2015		2014		2013	
	Market value	(% of total)	Market value	(% of total)	Market value	(% of total)
	(unaudited) (in millions of euros, unless indicated otherwise)					
Government bonds	11,967	55.3%	11,642	56.9%	8,527	49.6%
Financial bonds	4,602	21.3%	4,427	21.7%	4,261	24.8%
Corporate bonds	4,282	19.8%	3,389	16.6%	3,362	19.6%
Structured instruments	370	1.7%	531	2.6%	603	3.5%
Preference shares	434	2.0%	457	2.2%	423	2.5%
Short-term government securities	0	0%	—	0%	0	0%
Total	**21,656**	**100%**	**20,446**	**100%**	**17,178**	**100%**

Long-term bonds issued by central governments and lower public administrative entities are used to match its long-term liabilities as government bonds are amongst the few tradable fixed income securities generating cash flows for 20 years and longer. As at 31 December 2015, government bonds represented 55.3% of the Group's general account fixed income portfolio (2014: 57%).

The table below sets out the market value of the Group's general account assets invested in government bonds by country and maturity, as at 31 December 2015, together with the total investments by country as at 31 December 2014 and 2013.

General Account Market Value Government Bonds

		As at 31 December 2015								Total 2015	Total 2014	Total 2013
	Rating	1	2	3	3–5	5–10	10–20	20–30	30+			
		Market value of government bond by number of years to maturity (in millions of euros) (unaudited)										
The Netherlands	AAA	126	82	158	379	497	588	840	410	3,081	3,327	3,552
Germany	AAA	18	19	42	203	243	889	3,717	—	5,131	3,962	2,667
Belgium	AA	9	21	17	16	211	227	152	—	653	756	657
Austria	AA+	5	1	1	8	114	170	47	165	511	572	488
France	AA	5	1	6	23	128	135	254	246	797	748	174
GIIPS countries[(1)]	AA – BBB	(0)	35	18	325	197	51	13	—	639	716	36
Other	AA	42	62	36	17	71	59	3	133	423	532	518
Sovereign bonds	**n/a**	**206**	**221**	**278**	**971**	**1,461**	**2,119**	**5,026**	**953**	**11,236**	**10,612**	**8,092**
Government guaranteed	AA – AAA	(0)	(0)	5	18	39	62	—	—	125	245	233
Supranational	AA – AAA	32	0	9	19	10	260	—	—	329	467	67
Others	A – AAA	1	25	5	70	4	172	—	—	277	317	136
Total	**n/a**	**239**	**247**	**296**	**1,079**	**1,514**	**2,613**	**5,026**	**953**	**11,967**	**11,642**	**8,527**

(1) Greece (€0 million), Italy (€163 million), Ireland (€278 million), Portugal (€0 million) and Spain (€199 million).

Non-Government Fixed-Income Securities

The table below sets out the general account market value of non-government fixed-income securities (excluding derivatives) by rating and maturity as at 31 December 2015, together with the total non-government fixed-income securities (excluding derivatives) by rating as at 31 December 2014 and 2013. The financial bonds, corporate bonds, structured investments and preference shares of the Group comprise for the larger part investment grade bonds (between AAA and BBB).

General Account Market Value of Non-Government Fixed Income Securities

	As at 31 December 2015								Total 2015	Total 2014	Total 2013
	1	2	3	3–5	5–10	10–20	20–30	30+			
	Market value of non-government fixed income securities by number of years to maturity (in millions of euros) (unaudited)										
AAA	4	6	1	82	115	0	22	692	921	1,185	1,407
AA	29	86	3	30	100	195	20	937	1,400	1,175	1,871
A	58	95	79	206	471	389	246	2,486	4,030	3,331	2,387
BBB	21	56	129	214	312	357	88	1,739	2,916	2,347	2,372
Less than BBB	44	24	15	0	22	55	5	215	380	718	567
Other	0	—	—	0	10	—	0	32	42	49	47
Total	**156**	**268**	**227**	**531**	**1,029**	**996**	**381**	**6,100**	**9,689**	**8,806**	**8,651**

Since 2013, the Group has successfully continued its process of diversifying its financial bond portfolio and achieved a more even spread across countries and companies, with larger individual and less creditworthy exposure being sold. The Group reduced exposure to Tier I and senior financial bonds, and selectively bought lower Tier II and covered bonds to diversify its portfolio. Covered bonds comprise bonds issued by financial institutions primarily covered by the issuer's mortgage book. The total exposure to bonds issued by financial institutions from GIIPS countries was €434 million at 31 December 2015 (31 December 2014: €418 million), consisting primarily of Spanish and Italian bonds.

The vast majority of the corporate bonds of the Group (31 December 2015: exposure of €4.3 billion) are rated between AAA and BBB. As at 31 December 2015, the non-rated exposure (€32 million) related to the 'ASR Geldmarkt Fonds', which invests in bonds with mixed ratings. In line with the strategic asset allocation, the corporate bond portfolio has been further diversified in previous years over sectors, countries and counterparties. The majority of the corporate bonds are issued by companies based in Western European countries and in the US. The total exposure to bonds in GIIPS countries amounted to €166 million at 31 December 2015 (31 December 2014: €190 million).

In line with its investment policy, the Group does not intend to renew or expand its structured investment portfolio (31 December 2015: exposure of €370 million), with the exception of a limited budget for certain Dutch MBS. The majority of the structured instrument book comprises mortgage backed securities (MBS), which included €215 million rated AAA and €24 million rated A Dutch residential MBS at 31 December 2015. The collateralised debt obligations, with carrying value of €108 million as at 31 December 2015, are primarily collateralised by European covenant loans and trust preferred securities issued by smaller US banks and insurance companies.

Preference shares (31 December 2015: exposure of €434 million) are held by the Group as long term investments and are regarded as a capital friendly and tax efficient way (due to the Dutch tax participation exemption) to gain a holding exceeding 5% of the companies' nominal share capital. At 31 December 2015, the majority of the preference shares (€340 million) had a BBB rating. The majority of the preference share portfolio (31 December 2015: €388 million) is invested in companies based in the Netherlands.

Mortgage Loans

As at 31 December 2015, the total general account holding of mortgage loans was €6.5 billion with the majority (62%) of the total loans and receivables portfolio of €10.5 billion (for more information, see "—Loans and Receivables"). The table below sets out the development of the Group's mortgage portfolio over the years 2015, 2014 and 2013.

Mortgage Loan Portfolio

	As at 31 December		
	2015	**2014**	**2013**
	(in millions of euros) (unaudited)		
Residential Loans			
Balance at the beginning of the period	5,532	4,777	3,542
New Production	1,355	1,033	1,433
Redemption	(366)	(278)	(196)
Sales	—	0	(2)
Balance at the end of the period[(1)]	**6,522**	**5,532**	**4,777**

(1) Excludes the value of mortgages that are not part of the Banking and asset management activities of the Group, which amounted to €15 million as at 31 December 2015, €20 million at 31 December 2014 and €19 million at 31 December 2013.

All mortgage loans are originated by the Group, which has been an originator of Dutch residential mortgage loans for over twenty years. The growth in the mortgage portfolio since 2013 predominantly reflects a reallocation within fixed income investments, following a strategic shift out of financial bonds and partly government bonds.

The table below sets out the Group's mortgage portfolio by loan-to-fair-value ("**LTFV**") category as at 31 December 2015, 2014 and 2013.

	As at 31 December			Weighted average maturity	Weighted average interest[(1)]
	2015	**2014**	**2013**		
	(unaudited) (in millions of euros)			(unaudited) (years)	(%)
Guaranteed by NHG[(2)]	4,032	3,425	2,799	9.1	3.9%
LTFV[(3)] <= 55%	888	701	782	8.0	3.9%
55% < LTFV <= 65%	302	273	169	9.0	3.9%
65% < LTFV <= 85%	524	526	340	9.0	4.1%
85% < LTFV <= 95%	238	197	209	9.4	4.1%
LTFV > 95%	537	410	477	8.9	4.0%
Total Residential Mortgages[(4)]	**6,522**	**5,532**	**4,777**	**8.9**	**4.0%**

(1) Calculated as the coupon interest of the relevant LTFV bucket. Coupon interest on personnel mortgages is not considered in the calculation of the weighted average interest percentages as considerable discounts on coupon interest have been granted for personnel.

(2) Mortgages under the NHG regime have various LTFV percentages but are grouped separately as the Group's exposure is mitigated by the NHG.

(3) The LTFV is calculated by dividing the current outstanding loan balance with the appraised value of the related property on issue date adjusted by the residential housing index published by CBS. The weighted average maturity of the mortgage is determined by the earliest interest reset date. At this date the mortgage can be redeemed without a penalty.

(4) Excludes the value of mortgages that are not part of the Banking and asset management activities of the Group, which amounted to €15 million as at 31 December 2015, €20 million at 31 December 2014 and €19 million at 31 December 2013.

The mortgage portfolio of the Group consists for a large part of mortgages that are government guaranteed under the NHG. The NHG is a guarantee provided by the WEW to mortgage lenders for mortgage loans up to an amount of €245,000 as per 1 July 2015. This guarantee means that the bank can claim repayment of the net loan from the WEW, should the client be unable to repay the mortgage due to circumstances outside his or her own control. In 2014, a 10% own risk was introduced for lenders. The net loan amount is the remaining loan reduced on an annuity basis less the proceeds from the property sale.

At 31 December 2015, the weighted average maturity of the portfolio was 8.9 years with the largest bucket between five and eight years (€2,293 million). As at such date, mortgages with maturities shorter than one year amounted to €223 million.

At 31 December 2015, mortgages with an outstanding value of €121 million (1.9% of portfolio) were tainted by arrears of which €84 million (1.3% of portfolio) exceeded one month and €37 million (0.6% of portfolio) exceeded three months. The absolute value of arrears was €2.5 million as at 31 December 2015. The credit losses were limited to 0.005% (€0.3 million) of the total outstanding amount at 31 December 2015.

Non-Fixed Income

The Group's non-fixed income portfolio comprises equity (which includes holdings of listed entities and private equity investments) and real estate holdings.

Equity

The table below sets out the Group's general account equity portfolio by security type in terms of market value and percentage of the Group's total general account equity portfolio as at 31 December 2015, 2014 and 2013.

Equity and Private Equity Portfolio

	As at 31 December					
	2015		2014		2013	
	Market value	(% of total)	Market value	(% of total)	Market value	(% of total)
	(in millions of euros, unless indicated otherwise) (unaudited)					
Europe large caps	775	23.7%	488	20.8%	522	20.9%
Dutch participations	415	12.7%	401	17.1%	451	18.0%
Fixed income funds	537	16.4%	305	13.0%	372	14.9%
Emerging markets	225	6.9%	229	9.8%	264	10.6%
Real estate funds	328	10.0%	177	7.6%	270	10.8%
Global equity funds	189	5.8%	232	9.9%	201	8.0%
US, UK and Swiss	575	17.6%	279	11.9%	172	6.9%
Private equity	76	2.3%	87	3.7%	103	4.1%
Other	152	4.6%	144	6.2%	145	5.8%
Equities	**3,271**	**100%**	**2,343**	**100.0%**	**2,500**	**100%**

The relative share of equities in the investment portfolio is based on the dynamic asset allocation policy and remained quite stable over the recent years, with 7.6% of the total portfolio at 31 December 2015. The total equity portfolio increased by €928 million from 31 December 2014 to 31 December 2015, mainly driven by fair value increases.

In line with the outcomes of the asset only study, the Group further diversified its equity portfolio, increasing investments in European large caps from 20.9% (€522 million) at 31 December 2013 to 23.7% (€775 million) at 31 December 2015. Allocation to US, UK and Swiss equities increased from 11.9% (€279 million) at 31 December 2014 to 17.6% (€575 million) at 31 December 2015, in line with the move for increased diversification outside the Eurozone.

A considerable part (31 December 2015: €415 million; or 12.7%) of the equity portfolio is invested in Dutch participations in which the Group holds (in some cases combined with preference shares) over 5% of the nominal share capital which gives right to the Dutch tax participation exemption. These investments are held as long term investments.

As at 31 December 2015, the market value of the three largest general account equity positions in terms of market value represented 5.1% of the market value of the aggregate equity portfolio. The investment philosophy of the Group is based on the long term with limited turnover. The stock selection process is based on fundamental in-depth bottom-up research, benchmark unaware, with a prime focus on capital preservation. The portfolio has a tilt towards the Netherlands and to consumer stocks because the Group

believes consumer stocks are generally less dependent on the economic cycle and are usually dividend-paying. The Group takes sustainability into account throughout its investment process.

At 31 December 2015, the equity portfolio included investments in real estate funds (€328 million) and fixed income funds (€537 million), funds that invest in fixed income assets. A considerable part (31 December 2015: €1,052 million) of the equity portfolio relates to separate accounts, which are separately managed for pension contracts.

Investment Property

The table below sets out the market value of the Group's investment property by category as of the dates indicated.

Investment Property

	As at 31 December					
	2015		2014		2013	
	Market value	(% of total)	Market value	(% of total)	Market value	(% of total)
	(unaudited) (in millions of euros, unless indicated otherwise)					
Building held for own use[1]	155	5%	131	4%	85	3%
Investment property	2,667	95%	2,833	96%	2,759	97%
Consolidated investment property[4]	**2,822**	**100%**	**2,964**	**100%**	**2,844**	**100%**

(1) 31 December 2013 and 31 December 2014 have not been restated to fair value for investment property for own use (fair value was €91 million per 31 December 2013 and €133 million per 31 December 2014).

The investment property portfolio of the Group is managed by a.s.r. REIM, the Group's real estate asset management business. The clients of a.s.r. REIM comprise the Group, as well as insurance companies, pension funds/institutional investors and retail clients, for which it invests in commercial properties (both offices and retail), residential properties, land positions and real estate equities. As at 31 December 2015, a.s.r. REIM managed for the Group an investment property portfolio with a fair value of €2.8 billion.

The table below sets out the Group's investment property portfolio at fair value per real estate asset class as at 31 December 2015, 2014 and 2013.

Investment Property Portfolio

	As at 31 December		
	2015	2014	2013
	(unaudited) (in millions of euros)		
Rural	1,154	1,028	970
Residential	677	781	721
Retail	605	763	725
Offices	176	170	179
Land and buildings for own use	155	133	85
Development investment property	14	37	103
Other	41	54	61
Total	**2,822**	**2,964**	**2,844**

(1) 31 December 2013 and 31 December 2014 have not been restated to fair value for investment property for own use (fair value was €91 million per 31 December 2013 and €133 million per 31 December 2014).

The Group has a diversified real estate portfolio consisting of retail, residential, rural and office investments in the Netherlands. The commercial (retail and offices) and residential portfolio is appraised quarterly by an independent external real estate valuator, three times a year by desk research and once a year a full valuation is performed. The rural portfolio is appraised once a year by an independent external real estate valuator. As at 31 December 2015, 41% of the Group's investment property was invested in rural real estate, 24% in residential properties and 21% in retail. As at such date, only 12% of the portfolio

was in offices of which 5% were offices for own use. The current real estate exposure of the Group is in line with its investment policy.

The below sets out vacancy rates of the Group's real estate investment portfolio for the years ended 31 December 2015 and 2014 as a percentage of rental income.

Vacancy Rates

	As at 31 December	
	2015	2014
Offices	22.2%	22.6%
Retail	4.6%	5.2%
Residential	2.7%	4.3%
Parking	0.0%	0.3%

Derivatives

The table below sets out the market value of the Group's derivatives portfolio by type as of the dates indicated.

Derivatives Portfolio

	As at 31 December					
	2015		2014		2013	
	Market value	(% of total)	Market value	(% of total)	Market value	(% of total)
	(unaudited) (in millions of euros, unless indicated otherwise)					
Interest rate swaps	1,104	61%	1,768	58%	(205)	(39)%
Interest rate swaptions	691	38%	1,264	41%	712	137%
Interest rate contracts	**1,794**	**99%**	**3,032**	**99%**	**507**	**98%**
Foreign exchange contracts	(2)	0%	(1)	0%	6	1%
Inflation swaps	(5)	0%	—	—	—	—
Equity index contracts[(1)]	31	2%	17	1%	9	2%
Total return swaps	—	0%	0	0%	(1)	0%
Derivatives classified as held for trading	**1,819**	**100%**	**3,048**	**100%**	**521**	**100%**
Derivatives held for cash flow hedging	—	0%	0	0%	(1)	0%
Total derivatives	**1,819**	**100%**	**3,048**	**100%**	**520**	**100%**

(1) The equity index contracts primarily consist of put options used to reduce market risk in the equity portfolio.

The Group uses interest rate contracts (i.e. interest rate swaps and swaptions) to manage interest rate risk by aligning the assets to the profile of the insurance liabilities. The derivative portfolio is used as an overlay on the fixed income portfolio to align the risk profile of the assets with the insurance liabilities and bring the remaining interest rate risk within the boundaries of the investment policy. Other derivatives are used to hedge equity and foreign currency risk.

During the course of 2015, the Group decided to hedge interest rate risk with a view to minimising the impact on the Solvency II ratio (i.e. including UFR) when interest rates rise, which it implemented through selectively unwinding part of its derivatives portfolio and the addition of new payer swaps.

To manage counterparty risk with respect to the derivatives portfolio the Group has ISDA/CSA agreements in place. Cash collateral amounting to €1,803 million has been received at 31 December 2015, which equals 99% of the outstanding collateral amount.

Loans and Receivables

The table below sets out the market value of the Group's loans and receivables by type as of the dates indicated.

Loans and Receivables

	As at 31 December					
	2015		2014		2013	
	Market value	(% of total)	Market value	(% of total)	Market value	(% of total)
	(unaudited) (in millions of euros, unless indicated otherwise)					
Mortgage loans	6,537	62%	5,552	58%	4,796	55%
Other	287	3%	299	3%	337	4%
Due from customers	**6,824**	**65%**	**5,851**	**61%**	**5,133**	**59%**
Due from banks	3,056	29%	3,029	32%	2,875	33%
Loan portfolio	**9,879**	**94%**	**8,880**	**92%**	**8,007**	**91%**
Trade and other receivables[(1)]	606	6%	727	8%	786	9%
Total loans and receivables	**10,486**	**100%**	**9,607**	**100%**	**8,794**	**100%**

(1) Trade and other receivables (€606 million at 31 December 2015) arise from the Group's normal course of business and are not considered investments within the investment framework.

As at 31 December 2014, loans and receivables due from customers mainly comprised a mortgage loan portfolio of €6,537 million, a subordinated loans portfolio of €205 million in loans to government and official institutions (mainly housing corporations) and loans to customers (mainly intermediaries). At 31 December 2015, all government and official institution loans had an A credit rating or higher.

As at 31 December 2015, loans and receivables due from banks comprised a €2,800 million savings-linked mortgage loans portfolio consisting of mortgage contracts sold by third parties in combination with the Group's life insurance products. The third party carries the mortgage on its balance sheet and the Group carries the linked insurance liability on the balance sheet. The exposure to these instruments results from historical cooperation with selected third parties (ABN AMRO, ABP, Obvion and BNP) and these instruments do not generate net investment income. The value of the savings loan receivable equals the opposing insurance liability. Furthermore, €256 million relates to commercial loans to banks. At 31 December 2015, the majority of commercial loans due from banks were investment grade, including €156 million AAA rated, €15 million AA rated, €14 million A rated and €70 million BBB rated loans. At 31 December 2015, more than half (€149 million) of the commercial loans due from banks consisted of loans to the 'Bank Nederlandse Gemeenten', a bank for local authorities and public sector institutions guaranteed by the state of the Netherlands.

SUPERVISION AND REGULATION

The Group is a financial services provider offering life insurance, health insurance, pensions, non-life insurance, asset/property and fund management, fiduciary management and banking products and services with its target market being the Netherlands. The Group's operations and businesses are subject to a significant number of laws, regulations, administrative determinations and similar legal constraints. Such laws and regulations are generally designed to protect its policyholders and contract owners and clients, and not its Shareholders or holders of other securities of the Group. Where applicable, the Group's entities have obtained the regulatory licences and approvals needed to currently operate their regulated businesses. The Group applies a risk based compliance approach and aims to be compliant with applicable laws, rules and legislation. Many of the laws and regulations to which the Group is subject are regularly re-examined and existing or future laws and regulations may become more restrictive or otherwise adversely affect the Group's operations.

The following is a general overview of the regulatory laws, rules and legislation applicable to the Group from an EU perspective, and an overview of the key regulatory laws, rules and legislation applicable in the Netherlands. These laws, rules and legislation, as well as their interpretation and enforcement, are constantly changing.

General Regulatory Framework

The insurance, investment manager, investment firm, financial services provider, pension and bank subsidiaries of the Group are subject to governmental regulation in the Netherlands. The regulatory authorities in the Netherlands are responsible for supervising the Group's compliance with applicable regulations.

The Group is under the supervision of various regulatory authorities including the ECB, DNB, the AFM, the Authority for Consumers and Markets ("**ACM**"), the Dutch Authority of Personal Data (*Autoriteit Persoonsgegevens*) and the Dutch Healthcare Authority ("**NZa**"). In addition, the European Supervisory Authorities including the EBA, ESMA and EIOPA may exercise direct supervision over the Group.

The Group and the Company are subject to insurance group supervision by DNB. Furthermore, the AFM and DNB are the direct regulators for those subsidiaries which are licensed in the Netherlands. DNB exercises prudential supervision, which is to ensure the financial soundness of financial undertakings and to contribute to the stability of the financial sector. With respect to the Group's banking subsidiary (ASR Bank N.V.), the ECB is the indirect prudential supervisor and has several other regulatory powers (as described below). The AFM exercises market conduct supervision, which focuses on orderly and transparent financial market processes, integrity in relations between market parties and due care in the provision of services to clients.

Furthermore, the Netherlands Consumer Authority, the Netherlands Competition Authority and the Netherlands Independent Post and Telecommunications Authority joined forces on 1 April 2013 to create an independent regulator, the ACM.

The ACM can conduct investigations into competition infringements both on its own initiative or as a result of complaints or leniency requests and can take enforcement action.

The Dutch Financial Supervision Act and the General Administrative Law Act (*Algemene wet Bestuursrecht*) set out the rights and duties of the Dutch regulators for the purposes of financial regulation. The Dutch Financial Supervision Act is derived in part from EU directives and other EU legislation. This is also the case for the regulatory laws of other Member States, which means that there is a significant degree of harmonisation in financial supervision regulation and financial market liberalisation across the EU. The scope of EU legislation also includes the EEA. Therefore, references in this section to EU legislation are intended to mean that such legislation is also applicable to the EEA.

The Dutch Data Protection Act (*Wet bescherming persoonsgegevens*), together with the regulations promulgated thereunder, sets out the rights and duties of the Dutch Authority of Personal Data for the supervision of compliance with acts that regulate the use, processing and transfer of personal data. The Dutch Data Protection Act implements EU Directive 95/46/EC of 24 October 1995 on the protection of individuals with regard to the processing of personal data and the free movement of such data and imposes restrictions on the collection, use and other forms of processing of personal data.

EU Regulatory Framework

General

Anti-Money Laundering and Sanctions

The EU anti-money laundering regime is set out primarily in three directives: Directive 91/308/EE ("**MLD1**"), Directive 2001/97/EC ("**MLD2**") and Directive 2005/60/EC ("**MLD3**"). In short, MLD1 was aimed at combating the laundering of drug proceeds through the traditional financial sector. The regime thus applied to a wider scope of entities and was therefore relevant for all entities active in the financial sector. Amongst other things, it required Member States to prohibit money laundering and to oblige their financial sectors to (a) identify their customers, (b) keep appropriate records, (c) establish internal anti-money laundering procedures and (d) report any indications of money laundering to the relevant financial regulator. MLD2 extended MLD1 to cover the proceeds of a wider range of criminal activities and a number of non-financial activities and professions, including lawyers, notaries, auditors, estate agents, art dealers, jewellers, auctioneers and casinos.

The aim of MLD3 was to strengthen the existing EU anti-money laundering framework. It also harmonised standards across the EU relating to money laundering and terrorist financing, introduced more high-level and risk-based requirements than MLD1 and MLD2, and extended the definition of money laundering and the scope of the regulated sector. MLD3 applied to (a) credit institutions (as defined in Article 1(1) of the Banking Consolidation Directive 2000/12/EC), (b) financial institutions (as defined in Article 3(2) of MLD3), (c) auditors, external auditors and tax advisers acting in the exercise of their professional activities, (d) notaries and other independent legal professionals acting in the course of their professional activities when they participate, whether by acting for and on behalf of their customer in any financial or real estate transaction, or by assisting in the planning or execution of certain transactions for their customer, (e) trust or company service providers not falling within the categories listed above, (f) estate agents, (g) all natural or legal persons trading in goods to the extent that payments are made in cash in an amount of €15,000 or more, whether the transaction is executed in a single operation or in several operations which appear to be linked, and (h) casinos.

MLD3 is a minimum harmonising directive, so Member States had flexibility when transposing it into national law to adopt stricter measures than those required by MLD3. As a result, MLD3 has allowed various differences in national implementation. There are various other sources of anti-money laundering-related law at the European level, including the Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime of 8 November 1990; the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism, 16 May 2005 and the Wire Transfer Regulation (1781/2006).

On 5 February 2013, the EC published proposals for a new directive on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing and a new regulation on information accompanying transfers of funds to secure "due traceability" of these transfers. Both proposals were designed to strengthen the European regulatory framework on, *inter alia*, the prevention of money laundering and terrorist financing. The proposals were intended to be in line with the most recent standards of the Financial Action Task Force. In May and June 2015, the directive (2015/849) and regulation (2015/847) came into force. Member States will have until 26 June 2017 to implement the directive into national law. As of that date, the regulation will also apply.

On 1 January 2007, the regulation (1781/2006) which transposed the Financial Action Task Force Special Recommendation VII on "wire transfers" into EU legislation came into force. The regulation sets out rules on information on the payer accompanying transfers of funds, in order to allow basic information to be immediately available to the authorities responsible for combating money laundering and terrorist financing. As of 26 June 2017, this regulation will be replaced by regulation (EU) No. 2015/847 described in the previous paragraph.

EMIR

The European Market Infrastructure Regulation 648/2012 ("**EMIR**") entered into force in all Member States on 16 August 2012. EMIR aims to increase stability in European over-the-counter ("**OTC**") derivatives markets and includes measures to require the clearing of certain OTC derivatives contracts through central clearing counterparties and to increase the transparency of OTC derivatives transactions. Obligations under EMIR have been gradually phased in since its coming into force. It is expected that the obligation to centrally clear OTC derivatives will be phased in starting in the second quarter of 2016. In

connection with EMIR, various implementing technical standards have now come into force. Prospective investors should be aware that the obligation to centrally clear OTC derivatives may increase the cost for the Company and its subsidiaries to enter into OTC derivatives contracts and may adversely affect their ability to engage in OTC derivatives contracts. Furthermore, the introduction of obligatory collateral obligations may require the Company and its subsidiaries to maintain additional liquidity in order to post collateral when so required.

Insurance and Insurance-Related Regulation

Since 1973, the European Union has adopted a series of directives on life insurance and direct insurance other than life insurance. These directives have been implemented in the Netherlands and the other Member States through national legislation. The primary objective of these directives has been to grant insurers the freedom to establish branches and to provide services outside their home jurisdictions in accordance with the EU basic freedoms while ensuring certain minimum standards for insurance regulation in Europe.

The single licence principle is a core element for giving effect to the principles of the freedom of establishment and the freedom to provide services. Provided an insurance company is licensed in one Member State, it may do business directly or through branches in any other Member State without being subject to the licensing laws of that Member State (the European passport principle). The EU legislative framework defines and coordinates the competencies of the national regulatory authorities.

The EC intended that the EU insurance directives establish a single European insurance market. These directives also provided for minimum requirements for life and general insurance companies, especially in relation to capitalisation levels. Insurance companies have to ensure that they are able to meet the obligations under their insurance contracts at any given time. They are required to maintain a level of their own funds in the amount of the solvency margin, which is based on the particular insurance company's business volume. For property/casualty insurance companies, the solvency margin is calculated by reference either to the annual collected premiums or the average amount of claims in the period of analysis, with the higher amount forming the basis of the applicable solvency margin. For life insurance companies, the solvency margin is calculated primarily on the basis of capital-at-risk and certain technical insurance reserves. In addition to minimum capitalisation requirements, the EU directives require that the directors and officers of insurance companies have the required professional qualifications and expertise.

In order to prevent risks inherent to certain lines of insurance affecting other lines of insurance, the EU insurance directives prohibit insurance companies from writing both life insurance and general insurance business, which is referred to as the principle of separation of certain insurance lines. EU insurance directives emphasise prudence and prohibit insurance companies from operating non-insurance businesses in order to prevent insurance companies from taking on additional risks from non-insurance activities.

EU insurance directives and regulations have led to standardised national minimum regulatory requirements for insurance companies. Although the Member States are permitted to exceed these minimum requirements, which they have done to varying degrees, insurance regulatory law is now highly harmonised throughout the EU. In 2004, the EC initiated a new reform process in order to achieve greater legal uniformity and eliminate certain drawbacks in the regulatory system, above all in relation to capitalisation calculations. These reform efforts led to the adoption of the Solvency II Directive in 2009, which has been implemented into national law. See "—Solvency II Directive" for an elaborate discussion of the Solvency II Directives and "—Dutch Regulatory Framework—Insurance and Insurance-Related Regulation" for the implementation of the Solvency II Directives in the Netherlands.

The EU insurance and reinsurance framework is mainly relevant for ASR Schadeverzekering N.V., ASR Levensverzekering N.V., ASR Basis Ziektekostenverzekering N.V., ASR Aanvullende Ziektekostenverzekering N.V., AXENT NabestaandenZorg N.V., De Eendragt Pensioen N.V., N.V. Amersfoortse Algemene Verzekering Maatschappij and Europeesche Verzekering Maatschappij N.V.

Solvency II Directive

The EU has adopted a full-scale revision of the solvency framework and prudential regime applicable to insurance companies and insurance groups known as "Solvency II", which is intended to move the regulatory regime to a risk-based capital adequacy regime and to harmonise the rules throughout the EU. The framework for Solvency II is set out in the Solvency II Directive, which was adopted by the European Council on 10 November 2009 (Directive 2009/138/EC). The Directive was supplemented with the

Omnibus II Directive (2014/51/EU) in 2014. The Omnibus II Directive contains provisions for long-term guarantees which have the objective of adjusting the Solvency II Directive to cope with "artificial" volatility and a low interest rate environment, and to allow for the smooth transition from the Solvency I regime to the Solvency II regime. Member States were required to adopt and publish the laws, regulations and administrative provisions necessary to comply with Omnibus II by 1 January 2016. See "—Dutch Regulatory Framework—Insurance and Insurance-Related Regulation" for the application of the Solvency II Directives in the Netherlands.

On 17 January 2015, the Delegated Acts were endorsed by the European Parliament and Council, effective immediately. In March 2015, the EC adopted the first set of Solvency II Regulations laying down implementing technical standards with regard to the supervisory approval procedures for undertaking-specific parameters, ancillary own funds, matching adjustment, special purpose vehicles, internal models and joint decision on group internal models. In February, July and September 2015, EIOPA published various Solvency II Guidelines and Implementing Technical Standards in preparation for a timely implementation of Solvency II. Although the implementation legislation for Solvency II entered into force on 1 January 2016, new guidelines, Regulatory Standards and interpretations are still published fairly regularly. For example, on 20 April 2016, EIOPA published a consultation paper on the methodology to derive the UFR and its implementation, which rate is used to discount the liabilities of insurance companies.

Solvency II is based on economic principles for measuring assets and liabilities. It takes into account all balance sheet and operational risks. It measures balance sheet assets, liabilities and risk exposures based on economic principles and the capital requirements relate directly to these risk exposures. This means insurance companies will have to review their internal risk management and control environment, risk governance, test existing processes and implement improvements.

Furthermore, Solvency II is aimed at creating a new solvency framework in which the financial requirements that apply to an insurance company and insurance group better reflect such company's specific risk profile. Solvency II introduces economic risk-based solvency requirements across all Member States for the first time. While Solvency I concentrated mainly on the liabilities side (i.e. insurance risks) and included a relatively simple solvency formula based on technical provisions and insurance premiums, Solvency II introduces more comprehensive solvency requirements, taking into account the risks associated with supporting the insurance liabilities. The new regime will be a "total balance sheet" type regime where all the insurers' material risks and their interactions are considered. In addition to these quantitative requirements (Solvency II Pillar 1), Solvency II also sets requirements for governance, risk management and effective supervision (Solvency II Pillar 2), and disclosure and transparency requirements (Solvency II Pillar 3).

Solvency II Pillar 1

Under Solvency II Pillar 1, insurers are required to hold own funds equal to or in excess of an SCR. In addition, a minimum capital requirement ("**MCR**") will apply. Solvency II categorises own funds into three tiers with differing qualifications as eligible available regulatory capital. Under Solvency II, own funds use IFRS balance sheet items where these are at fair value and replace other balance sheet items using market consistent valuations. The determination of the technical provisions and the discount rate to be applied has a material impact on the amount of own funds and the volatility of the level of own funds. The SCR is a risk-based capital requirement which will be determined using either the standard formula (set out in the implementing measures), or, where approved by the relevant supervisory authority, an internal model. The internal model can be used in combination with, or as an alternative to, the standard formula as a basis for the calculation of an insurer's SCR. In the Netherlands, such a model must be approved by DNB. If an insurance company does not meet the SCR requirements, it must set up a recovery plan to ensure that the SCR requirements will be met within a period of six months. The insurance company must file this plan with DNB. The same applies to the MCR, except that such a plan must describe how the MCR requirements will be met within a period of three months.

The Group has opted to report its required solvency using the standard formula. A cost-benefit analysis led the Group to opt for the use of the standard formula. The Group, based on its annual ORSA, believes that the use of an internal model, as opposed to the standard formula, would not have any material impact on the Group's capital requirements. Furthermore, the pre-application for the use of an internal model would have been a time-consuming process.

Solvency II Pillar 2

Solvency II lays down strict requirements that insurance companies (including the Company's subsidiaries) have to adhere to, including requirements to:

- have effective governance systems in place, proportionate to their business;
- meet specific requirements regarding risk management, internal controls, data quality controls, internal audit functions, internal actuarial functions and control over outsourcing arrangements;
- integrate effective risk management systems, including strategies, processes and reporting procedures, in order to monitor, manage and report risk exposures;
- act in conformity with the so-called prudent person rule when making investment decisions regarding the insurer's funds;
- conduct an ORSA on a regular basis; and
- be effectively supervised by the National Competent Authorities.

The Company has worked on the required governance, IT systems, processes and control framework, which, in 2015, resulted in the implementation of an enterprise-wide internal control framework in the business lines. The implementation of this internal control framework has contributed to an increase in awareness of operational risk management and the internal control structure has become a management tool. In addition, the Company continues to carry out an annual ORSA and updates the Company's risk profile every quarter. On 17 December 2015, the Company submitted its latest regular ORSA to DNB. In preparation of the applicability of the Solvency II regime, in 2014 and 2015 the ORSA report served as the Forward Looking Assessment of Own Risks, as required under the preparatory guidelines set out by EIOPA. The Company updated, approved and tested policies as part of the annual cycle.

Solvency II Pillar 3

Solvency II lays down extensive and frequent reporting requirements to supervisory authorities, and additional external reporting requirements.

The Company is preparing to generate the Regular Supervisory Report and the Solvency and Financial Conditions Report which it is required to file as of calendar year 2016.

Risks of Non-Compliance

Should the Company not be able to adequately comply with the Solvency II requirements in relation to capital, risk management, documentation, or reporting processes, DNB will be able to exercise certain discretionary powers, some of which follow from Solvency II. These discretionary powers include issuing directions (*aanwijzingen geven*), imposing fines and making public information on imposed sanctions and the context thereof. In addition, if any of the regulated insurance companies within the Group do not meet the solvency capital requirements, it must set up a recovery plan to ensure that the solvency capital requirements will be met within a period of six months. The insurance company must file this plan with DNB. Furthermore, DNB may limit an insurance company's power to dispose of its assets, impose a capital add-on or require an insurance company to raise additional capital. The exercise of such discretionary powers could have a material adverse effect on its business, results of operations and financial condition.

Supervision of Insurance Groups

Until 1 January 2016, group supervision in respect of insurance groups was of a more supplementary nature. It concerned supervision of (i) intragroup positions and (ii) group solvency. Group solvency was calculated on the basis of an 'adjusted solvency ratio', the aim of which was to prevent deficits in certain group companies from endangering the solvency of the entire group and to prevent the double use of capital in calculating the solvency ratios of individual insurance companies in the group (so-called 'double gearing').

With the introduction of the Solvency II regime on 1 January 2016, the supervision of insurance groups in the Netherlands changed significantly. Group supervision under the Solvency II regime encompasses:

- Group SCR: the parent company of an insurance group must have an amount of own funds that is at least equal to the group solvency capital requirement. The group solvency capital requirement is calculated by means of (i) the standard method based on the group's consolidated annual accounts,

(ii) the deduction and aggregation method or (iii) a combination of both methods. The deduction and aggregation method entails that the group's aggregate solvency capital requirements are deducted from the group's aggregate solvency capital.

- Risk concentration and intragroup positions: the parent company of an insurance group must periodically report all significant risk concentrations within the group to DNB. Very significant risk concentrations must be reported as soon as possible.
- Group ORSA: the insurance group must also have a group own risk and solvency assessment. See under "—EU Regulatory Framework—Insurance and Insurance-Related Regulation—Solvency II Directive—Solvency II Pillar 2".
- Controlled and sound operation of business: the insurance group must operate its business in a controlled and sound manner. In addition, the executive and supervisory board members of the parent company have to be suitable and trustworthy. In respect of the suitability requirement, these persons have to take the oath. See "—Dutch Regulatory Framework—General—Oath".

Insurance Mediation Directive

The EU Directive 2002/92/EC on insurance mediation ("**IMD**") regulates the point of sale of insurance products to ensure the rights of the consumer. The IMD is a minimum harmonisation instrument containing high level principles and has been implemented in each Member State in substantially different ways. During discussions in the European Parliament on Solvency II a specific request was made to review the IMD to improve policyholder protection in the aftermath of the financial crisis and to improve selling practises for different insurance products.

On 3 July 2012, the EC published proposals for a revision of the Insurance Mediation Directive ("**IMD2**"), later renamed the Insurance Distribution Directive ("**IDD**"). On 22 July 2015, the Council and the European Parliament reached an agreement on the proposal for the IDD. On 24 November 2015, IMD2/the IDD was adopted by the European Parliament. On 14 December 2015, the Council also adopted the proposal. IMD2/the IDD has been published in the Official Journal of the EU on 2 February 2016 and will come into force on 23 February 2016. Member States will have to transpose the IDD into national laws and regulations before 23 February 2018. Under the IDD, consumers and retail investors buying insurance products would benefit from:

- Extended scope: customer protection is extended to all distribution channels (directly from an insurance company and indirectly from an intermediary or market participant who sells insurance products on an ancillary basis).
- Greater transparency: insurance distributors will have to become more transparent about the price and the costs of their products, so that it is clear to consumers what they are paying for. Most importantly, the consumer should know whether the seller of an insurance product has an economic incentive to sell that particular product.
- Better and more comprehensible information: consumers should be able to take more informed decisions, with a simple standardised Product Information Document for general insurance products. This completes already existing consumer information documents for life insurance products (under the Solvency II Directive) and for investment products (under the PRIIPS Regulation).
- Optional insurance: where insurance products are offered in a package with another good or service, consumers will have the choice to buy the main good or service without the insurance policy.
- Additional requirements: rules on transparency and business conduct should prevent consumers from buying products that do not meet their needs.

European Insurance Regulatory Authorities

Insurance companies are not yet directly regulated by EU regulatory authorities. However, as part of efforts to prevent future financial crises, the EU and national bodies have taken a number of steps to transfer certain powers to the EU level. A European System of Financial Supervision commenced operations at the beginning of 2011. The most important component of the European System of Financial Supervision is the European Supervisory Authorities. As of 1 January 2011, EIOPA replaced the former Committee of European Insurance and Occupational Pensions Supervisors. EIOPA's main responsibility is to develop technical regulatory and enforcement standards and recommendations and to formulate

guidelines for coordinating national insurance regulatory authorities. Technical regulatory and enforcement standards are adopted as delegated legal acts within the meaning of Article 290 TFEU and as enforcement acts within the meaning of Article 291 TFEU. Once the EC approves these standards they are legally binding and, thus, EIOPA can directly impose obligations on insurance companies in the EU. Within the course of the final approval process, the EC is only authorised to deviate from the EIOPA proposals under limited circumstances.

EIOPA recommendations and guidelines are not directly binding on insurance companies but the national regulatory authorities are required to provide reasons for any deviations from the EIOPA supervisory practices under the "comply or explain" principle. In exceptional circumstances, such as continued legal breaches by national authorities, crisis situations or disputes between national authorities, EIOPA may issue instructions to national authorities and take direct action itself by issuing binding decisions on insurance companies if the national authorities fail to comply.

ComFrame

On 18 October 2013, the International Association of Insurance Supervisors released the 2013 draft of the Common Framework for the Supervision of Internationally Active Insurance Groups ("**ComFrame**") for public consultation. ComFrame has three main objectives: (a) the development of methods of operating group-wide supervision of internationally active insurance groups, (b) the establishment of a comprehensive framework for supervisors to address group-wide activities and risks, and (c) the fostering of global convergence. In October 2013, the International Association of Insurance Supervisors also announced its agreement to develop a risk-based global insurance capital standard within ComFrame. The release for public consultation is the next step in its three-year development phase. Finalisation is not expected until 2018.

Systematically Important Financial Institutions

As the recent global financial crisis unfolded, the international community moved to protect the global financial system through preventing the failure of systemically important financial institutions or, if one does fail, limiting the adverse effects of its failure. In November 2011, the Financial Stability Board published a list of global systemically important financial institutions. Subsequently, in July 2013, the Financial Stability Board designated nine global insurance companies as global systemically important insurers. As a result, these firms will be subject to enhanced supervision and increased regulatory requirements in the areas of recovery and resolution planning as well as capital. The implementation deadlines for these requirements started as early as July 2014 and, in the case of additional capital requirements, extend to 2019. On 3 November 2015, a revised list of nine global systemically important insurers was published. Although the Company is not included in the most recent list, it cannot be ruled out that this supervision and regulation will be expanded to include the Company in the future.

EU Unisex Rule

In March 2011, the European Court of Justice ruled that insurers in Europe cannot differentiate in price or benefits for the same insurance products, based on gender. This gender-neutral pricing, commonly called the unisex rule, states that as of 21 December 2012 life insurers must offer products that are identical for men and women.

Insurance Guarantee Schemes

In 2010, the EC published a white paper discussing the necessity of Insurance Guarantee Schemes. However, at the date of this Prospectus, no proposals for this directive have been published.

Investment Management-Related Regulation

In the area of funds and investment management, the EU has enacted three main bodies of legislation: the UCITS Directives, the AIFMD and MiFID (II). Rules that apply here are relevant for the investment management business of the Company that operate in the EU. Discussed below are only the most relevant recent developments. Nevertheless, other European legislation, such as Solvency II and non-European legislation, such as US Tax rules commonly referred to as "FATCA" and Securities and Exchange Commission rules, also have an impact on the investment management business that should be taken into account.

The EU framework in respect of investment management is mainly relevant for ASR Nederland Beleggingsbeheer N.V., ASR Vastgoed Vermogensbeheer B.V., ASR Bank N.V., and, recently acquired, ASR Vermogensbeheer B.V.

UCITS

With regard to UCITS (Undertakings for Collective Investment in Transferable Securities), UCITS IV was approved as Directive 2009/65/EC and Member States needed to transpose the framework into national law by 1 July 2011. On 23 July 2014, Directive 2014/91/EU (UCITS V) was adopted regarding depositary functions, remuneration policies and sanctions. Member States must adopt and publish the laws, regulations and administrative provisions necessary to comply with UCITS V by 18 March 2016.

AIFMD

The Alternative Investment Fund Management Directive ("**AIFMD**") (2011/61/EU) is a directive in respect of the regulation and supervision of the AIF management industry. The AIFMD lays down the rules for the authorisation, ongoing operation and transparency of fund managers that manage and market AIFs in the EU. The AIFMD entered into force on 21 July 2011 and Member States in principle needed to transpose the framework into national law by 22 July 2013 (a transitional period applied until 22 July 2014). Licensed alternative investment fund managers ("**AIFMs**") are subject to detailed rules on delegation, transparency, conduct of business, remuneration, leverage and reporting. Additionally, licensed AIFMs are required to appoint an independent custodian for each AIF that they manage and have independent risk management and valuation functions. AIFMs authorised under the AIFMD are granted the possibility to passport their licence to either manage AIFs in other Member States or market units or shares in AIFs to professional investors. In short, the AIFMD created a uniform regulatory system for the EU for managers of AIFs that do not constitute UCITS.

MiFID I and II

Another important piece of legislation in this area is the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, MiFID), which is implemented in European legislation. MiFID regulates, *inter alia*, the cross-border provision of investment services and regulated markets and replaces the 1993 EU Investment Services Directive which established the single passport for investment firms. MiFID provides a harmonised regime for investment services and aims to increase competition and reinforce investor protection. It streamlines supervision on the basis of home country control and enhances the transparency of markets. It harmonises conduct of business rules, including best execution, conflict of interest and customer order handling rules. MiFID abolishes the concentration rule, creating a more competitive regime between order execution venues. It also imposes market transparency rules for investment firms, regulated markets and multilateral trading systems for both pre- and post-trading of equities.

MiFID also has consequences for intermediaries in financial products. It envisages, *inter alia*, a way to harmonise regulation in respect of commission payments and remuneration transparency. MiFID prescribes inducement rules which should lead to appropriate commissions. These rules are intended to better protect customers if they wish to purchase certain financial products, such as "complex" structured products and mortgage loans because there might be a risk of reward-driven advice issued by intermediaries since intermediaries are often paid by the provider of the financial product.

On 20 October 2011, the EC published proposals for the revision of MiFID. The new rules consist of a directive, MiFID II (2014/65/EU), and a regulation, MiFIR (No 600/2014), and aim to make financial markets more efficient, resilient and transparent, and to strengthen the protection of investors. The new framework will also increase the supervisory powers of regulators and provide clear operating rules for all trading activities. The final texts of these new rules have been published on 12 June 2014. On 7 April 2016, the EC published a draft implementing Directive MiFID II. On 25 April 2016, the EC published a draft implementing Regulation MiFID II. Save for certain provisions, the implementation of MiFID II and MiFIR and its implementing measures are to be applicable from 3 January 2017, however, the European Parliament is currently considering a one-year extension of the implementation period.

Key elements of the new rules are:

- More robust and efficient market structures: MiFID II will introduce a new type of trading venue: the Organised Trading Facility. Furthermore, in order to facilitate better access to capital markets for SMEs, the new rules will also introduce the creation of a specific label for SME markets.

- Taking account of technological innovations: MiFID II will introduce new safeguards for algorithmic and high-frequency trading activities, which have both drastically increased the speed of trading and pose possible systemic risks. Also, the new rules will improve conditions for competition in essential post-trade services such as clearing.
- Reinforced supervisory powers and a stricter framework for commodity derivatives markets: the new rules will reinforce the role and powers of regulators. In coordination with ESMA and under defined circumstances, supervisors will be able to ban specific products, services or practices in case of threats to investor protection, financial stability or the orderly functioning of markets.
- Stronger investor protection: building on a comprehensive set of rules already in place, MiFID II sets stricter requirements for portfolio management, investment advice and the offering of complex financial products such as structured products. In order to prevent potential conflicts of interest, independent advisers and portfolio managers will be prohibited from making or receiving third-party payments or other monetary gains.

Finally, rules on corporate governance are introduced for all investment firms.

PRIIPS

On 15 April 2014, PRIIP was adopted. The PRIIPs Regulation aims to increase the transparency on the market for retail investments in different types of investment products. With respect to these investment products, the KID is introduced. The KID is a standardised and simple document giving key facts on the investment product. The PRIIP manufacturer will draw up the KID. The KID will be provided to retail clients when they are considering buying a PRIIP. On 29 December 2014, the PRIIPs Regulation has entered in force. The PRIIPs Regulation will be directly applicable in Member States from 29 December 2016.

Mortgage Credit Directive

On 4 February 2014, the Mortgage Credit Directive (2014/17/EU, "**MCD**") on credit agreements for consumers relating to residential immovable property was adopted. The MCD aims to create a European Union mortgage credit market with a high level of consumer protection. The MCD applies to both secured credit and home loans. The main provisions include, among others, consumer information requirements, principle based rules and standards for the performance of services (e.g. conduct of business obligations, competence and knowledge requirements for staff), a consumer creditworthiness assessment obligation, provisions on early repayment and a passport for credit intermediaries who meet the admission requirements in their home Member State. Many of these market conduct provisions already apply to mortgage credit providers in the Netherlands, but not all. Member states are required to have implemented the MCD in their national legislation no later than 21 March 2016. On 23 September 2015, the legislative proposal implementing the MCD into Dutch legislation was introduced in the Dutch Parliament. On 22 March 2016, the Dutch Parliament approved the Dutch MCD implementation act. This implementation act has not yet entered into force.

Banking and Banking-Related Regulation

The EU Financial Services Action Plan 1999-2005 laid the foundations for a single financial market in the European Union and has brought about many changes. In its Strategy on Financial Services for 2005-2010, the EC set out its objectives to achieve an integrated and competitive EU financial market. It proposed doing so by removing remaining barriers, especially in the retail area, so that financial services can be provided and capital can circulate freely throughout the European Union at the lowest possible cost, resulting in high levels of financial stability, consumer benefits and consumer protection. The financial services sector includes three major areas for which EU regulatory policies apply: banking, capital markets and asset management.

The Recast Banking Directive sets out rules concerning the taking up and pursuit of the business of credit institutions and their prudential supervision. Under this directive, a bank was able to offer banking services in all Member States on the basis of a single banking licence (the "**European passport principle**") through the establishment of a branch or cross-border provision of services in all Member States.

The Recast Banking Directive was the first part of the new capital requirements framework, which was adopted in June 2006 as the EU Capital Requirements Directive ("**CRD**"); the second part was the EU Recast Capital Adequacy Directive 2006/49/EC. The CRD was the legal vehicle pursuant to which the

Basel II framework had been implemented into the EU law. The directives set out the capital adequacy requirements that apply to investment firms and credit institutions.

In October 2008, the EC adopted proposals to amend the CRD in view of the financial crisis. Proposals addressed items such as large exposures, supervisory arrangements and crisis management and securitisation (Directive 2009/111/EC).

On 20 July 2011, a legislative package was adopted by the EC replacing the CRD (directives 2006/48/EC and 2006/49/EC) with a directive (2013/36/EC, CRD IV) and a regulation (EU No. 575/2013, CRR). This CRD IV framework entered into force in July 2013 and as a single rulebook it forms an important part of the European banking union. CRD IV had to be implemented from January 2014. It aims to tackle some of the vulnerabilities shown by the banking institutions during the financial crisis, including insufficient levels of capital, both in quantity and in quality, resulting in the need for unprecedented support from national authorities. The CRD IV framework sets stronger prudential requirements for banks and investment firms, requiring them to keep sufficient capital reserves and liquidity. CRD IV intends to make EU banks and investment firms stronger and will strengthen their capacity to adequately manage the risks linked to their activities and absorb any losses they may incur in doing business.

Currently, the Basel Committee on Banking Supervision is reviewing the Basel III framework and publishing consultation papers for a new 'Basel IV' framework. Part of these consultations is new risk-weights for mortgage loans. If the Basel Committee on Banking Supervision decides to adopt the Basel IV framework, it is expected that the current European CRD IV framework will have to be amended.

Following further ambitions on harmonisation of the European supervisory framework, the CRD IV framework is further clarified by the European Banking Authority ("**EBA**"), which regularly publishes draft binding technical standards to be adopted by the EC. These binding technical standards have the meaning of European level two regulations after adoption by the EC and subsequent formal procedures. In addition, EBA is empowered to investigate and research the application of the CRV IV framework in many specific areas.

The EU framework in respect of banking legislation is mainly relevant for the Bank.

Deposit Guarantee Schemes

The EC also adopted a proposal for amendments to the EU Deposit Guarantee Schemes Directive. The resulting EU Directive 2009/14/EC provided for an increased minimum coverage level for depositors from €20,000 to €50,000 with a further increase to €100,000 from 31 December 2010; and (ii) a reduction in the pay-out delay. In October 2013, the EU restarted discussions on a renewal of the EU Deposit Guarantee Schemes Directive. On 16 April 2014 the recast directive on deposit guarantee schemes was adopted (2014/49/EU). The majority of the recast directive needed to be implemented in national legislation by 3 July 2015. The updated deposit guarantee scheme obliges EU countries to set up their own bank financed and pre-funded schemes to reimburse guaranteed deposits up to €100,000 when a struggling bank is not able to do so itself. This will ensure that taxpayers will not have to bear the costs of guaranteeing such deposits. Furthermore, the total amount of the guaranteed deposit of the depositors would be available within seven working days and a subsistence amount (decided country by country) within five days. The implementation deadline of the recast directive has not been met in the Netherlands. The legislation implementing the recast directive entered into force on 26 November 2015.

On 24 November 2015, the Commission proposed a euro-area wide insurance scheme for bank deposits. It is not yet clear whether, and if so, when this will come into effect.

European Banking Union

One of the EU's responses to the financial crisis was to establish two new institutions, which are, in addition to the single rule book, the key elements of the banking union. The first key element is the Single Supervisory Mechanism ("**SSM**"), which assigns the role of direct banking supervisor to the ECB in order to ensure that the largest banks in Europe are independently supervised under common rules. The second key element is the Single Resolution Mechanism ("**SRM**"), which is responsible for planning for worst-case scenarios, namely the failure of a bank, to ensure that the situation can be resolved in an orderly manner with minimal costs for taxpayers. The goal of sparing taxpayers from the costs of future bank resolutions led to the introduction of the BRRD, according to which resolutions will mainly be financed by banks' shareholders and creditors. Where necessary, financing can also be provided, on a complementary basis, by

the newly established Single Resolution Fund ("**SRF**"), which is financed by the banking industry. The SSM has been in operation since November 2014, while the SRM became operational in January 2016. The SRF should reach its target funding level in 2023 (to amount to 1 per cent of the protected deposits of all banks within the Banking Union). Members of the euro area are automatically part of the Banking Union, while other Member States may opt in.

The SSM is operational since 4 November 2014. Since that date, the ECB is responsible for the direct supervision of 'significant' banks in the euro-zone, while national competent authorities, such as DNB, continue to supervise all other banks, under the ultimate responsibility of the ECB. For less significant institutions, such as the Bank, this means that DNB is the supervisory authority. However, the ECB also has certain direct powers in respect of the Bank. For example, ECB is the supervisory authority which decides on granting a declaration of no-objection (*verklaring van geen bezwaar*) when a person wishes to obtain a Qualifying Participation in the Bank. See also "—Dutch Regulatory Framework—Insurance and Insurance-Related Regulation—Structural Supervision". The criteria for determining whether banks are considered significant are set out in the SSM Regulation (No 1024/2013) and the SSM Framework Regulation (No 469/2014), and relate to a bank's size, economic importance, cross-border activities and need for direct public support. In line with the development of these criteria, the actual number of banks directly supervised by the ECB can therefore change over time; the ECB can furthermore decide at any time to classify a bank as significant to ensure that high supervisory standards are consistently applied.

On 15 July 2014, the regulation establishing a SRM and a SRF (No 806/2014) was adopted. The aim of the SRM is to facilitate the efficient resolution of troubled banks under the (final) responsibility of the Single Resolution Board in cooperation with the various national resolution authorities of the participating Member States (DNB in the case of the Netherlands). The regulation applies from 1 January 2016.

The BRRD was adopted on 15 May 2014 and the SRM Regulation was adopted on 15 July 2014. In the Netherlands, the BRRD implementation act (including the bail-in tool) entered into force on 26 November 2015. The BRRD and SRM Regulation cover the Group's banking business and asset management firm. It sets out a set of tools available to competent authorities to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of the institution's failure on the economy and financial system. The most important elements are recovery and resolution planning, early intervention, the bail-in tool and the set-up of resolution arrangements.

Dutch Regulatory Framework

General

The Dutch insurance, banking, pension, investment firm, financial services provider and investment management subsidiaries of the Company are supervised by DNB and the AFM. As mentioned earlier, the ECB is the direct prudential supervisor of significant banks, and indirect prudential supervisor of other banks. DNB supervises those other banks but under the ultimate responsibility of the ECB.

The regulatory system in the Netherlands is a comprehensive system based on the provisions of the Dutch Financial Supervision Act which came into effect on 1 January 2007. The Dutch Financial Supervision Act sets out rules regarding conduct of business supervision (exercised by the AFM) and prudential supervision (exercised by DNB). Conduct of business supervision focuses on ensuring orderly and transparent financial market processes, proper relationships between market participants and the exercise of due care by financial enterprises in dealing with customers. For this purpose, it is necessary to create market conditions where supply and demand can be brought together (orderliness) and to ensure that market participants have access to information needed to make decisions (transparency). For an efficient financial market it is also necessary to have rules that govern the transactions between participants in the market and help to achieve market equilibrium (proper relations between market participants). To achieve this, the AFM's conduct of business supervision intends to realise that financial enterprises treat their customers with due care, in order to minimise the potential information gap between providers of financial services and products and their customers. In case of breach of conduct of business rules of the Dutch Financial Supervision Act, the AFM may, *inter alia*, issue instructions (*aanwijzingen geven*), impose fines and make public information on imposed sanctions and the context thereof.

The ECB's and DNB's prudential supervision are to ensure the financial soundness of financial undertakings and contribute to the stability of the financial sector. In order to do so, it protects the interests of bank creditors, policyholders, investors and financial services customers of financial

enterprises. It is naturally in the interests of customers of financial enterprises to be able to rely on the fact that the financial enterprises will fulfil their obligations. Prudential supervision comprises solvency and liquidity supervision designed to check that financial enterprises can always meet their payment obligations. The supervision aims to reduce the risk of bankruptcy, although this risk can never be entirely excluded in a market economy. Prudential supervision also includes supervision of the scope and composition of the technical provisions of insurers for performance of their insurance obligations. In case of breach of conduct of business rules of the Dutch Financial Supervision Act, DNB may, *inter alia*, issue directions (*aanwijzingen geven*), impose fines and make information on imposed sanctions and the context thereof, public.

As described under "—EU Regulatory Framework—Banking and Banking-Related Regulation—European Banking Union", since the introduction of the SSM the ECB has final responsibility for the prudential supervision of credit institutions, including the Bank. The ECB is responsible for the direct prudential supervision of 'significant' banks, while the national competent authorities (DNB in case of the Netherlands) are responsible for the direct prudential supervision of other 'less significant' banks, such as the Bank. The ECB is responsible for the granting and withdrawing of licences of all banks. As a result, no enterprise or institution established in the Netherlands may pursue the business of a credit institution unless it has obtained prior authorisation from the ECB. In addition, the ECB is responsible for the granting of a declaration of no-objection for acquiring a Qualifying Participation in a licensed bank. See also "—Dutch Regulatory Framework—Insurance and Insurance-Related Regulation—Structural Supervision".

DNB's prudential supervision focuses on the supervision of solvency, liquidity and administrative organisation, including risk management and internal control. If, in the opinion of DNB, a credit institution fails to comply with the rules and regulations regarding the abovementioned subjects, DNB will notify the credit institution and may instruct it to behave in a prescribed manner. If the credit institution does not respond to any such instructions to the satisfaction of DNB, DNB is allowed to exercise additional supervisory measures that may include the imposition of fines or withdrawal of its banking licence. The Dutch Financial Supervision Act provides that each supervised credit institution must submit periodic reports to DNB.

Supervision of Financial Groups

The Dutch Financial Supervision Act contains specific provisions concerning the prudential supervision of financial groups. These provisions deal with: (a) the consolidated supervision of credit institutions and investment firms; (b) the supervision of life insurance companies, general insurance companies and reinsurance companies in an insurance group; and (c) the supervision of financial conglomerates, in order to enable DNB to form a correct picture of the financial soundness of such groups, so as to ensure, *inter alia*, that a group's solvency is not presented in an excessively favourable light.

The Group itself is supervised as an insurance group consisting of mainly insurance companies, but also of a licensed bank and two investment fund managers. It is therefore subject to prudential supervision which DNB exercises on a consolidated level in the Netherlands.

Oath

The Dutch government has introduced a mandatory oath for executive and supervisory board members of financial institutions licensed in the Netherlands, effective as of 1 January 2013.

The Executive Board and Supervisory Board members of all financial undertakings that are licensed in the Netherlands must take this mandatory oath. In this oath, Executive and Supervisory board members declare that they will: (a) perform their duties with integrity and care, (b) carefully consider all the interests involved in the financial institution, i.e. those of the customers, the Shareholders, the employees and the society in which it operates, (c) in doing so, give paramount importance to the customer's interests and inform the customer to the best of their ability, (d) comply with the laws, regulations and codes of conduct applicable to them, (e) observe confidentiality in respect of matters entrusted to them, (f) not abuse their knowledge, (g) act in an open and assessable manner and know their responsibility towards society, and (h) endeavour to maintain and promote confidence in the financial sector. If they break the oath, the supervisory authority (DNB/AFM) can decide to reassess their suitability.

With respect to insurance companies, apart from the Executive and Supervisory Board members, persons with a management position directly below the executive board that are responsible for persons that may

have a significant influence on the risk profile of the insurance company, are also subject to the oath. Certain other employees are also required to take the oath. This includes persons that may (independently) significantly influence the risk profile of the undertaking as well as those persons that are or can be involved in the provision of financial services. This latter requirement also applies to those persons working for an investment firm or investment fund manager.

For Dutch-based banks, such as the Bank, all persons working under the responsibility of such bank need to take a similar 'bankers' oath as from 2015. In addition, persons having taken the 'bankers' oath are thereby subject to disciplinary rules (*tuchtrecht*).

Regardless of the above, the Group has decided that employees and other persons performing activities under its responsibility must take the oath.

Please refer to "Management, Employees and Corporate Governance—Corporate Governance Code" for a description of the Dutch Banking Code and Code of Conduct for Insurers.

Dutch Intervention Act / BRRD Implementation Act

In June 2012, the Dutch Intervention Act (*Wet bijzondere maatregelen financiële ondernemingen*) came into force in the Netherlands, with retroactive effect from 20 January 2012. The Dutch Intervention Act allowed Dutch authorities to take certain actions when banks and insurers fail and cannot be wound up under ordinary insolvency rules due to concerns regarding the stability of the overall financial system. The Dutch Intervention Act has been amended as a result of the implementation of the Bank Recovery and Resolution Directive into Dutch legislation. The BRRD implementation act entered into force on 26 November 2015.

The rules apply to the Netherlands-regulated insurance companies of the Group. The Intervention Act comprises two categories of measures. The first category of measures can be applied if an insurance company experiences serious financial problems and includes measures related to the timely and efficient liquidation of failing banks and insurers and gives DNB far-reaching authority to intervene. DNB has the power to transfer customer deposits, assets and liabilities other than deposits and issued shares of an entity to third parties or to a bridge bank or insurance company if DNB deems that, in respect of the relevant bank or insurer, there are signs of an adverse development with respect to its funds, solvency, liquidity or technical provisions and it can be reasonably foreseen that such development will not be sufficiently reversed in a timely fashion (the "transfer-tool"). DNB would also be granted the power to influence the internal decision-making of failing institutions.

The second category of measures can be applied if the stability of the financial system is in serious and immediate danger as a result of the situation of a bank or insurance company and includes measures intended to safeguard the stability of the financial system as a whole. This set of measures grants authority to the Minister of Finance to take immediate measures or proceed to expropriation of assets or securities such as shares and debt obligations issued by the failing institution or its parent company. These rules not only apply to the Netherlands-regulated insurance companies of the Group, but also to the bank of the Group.

The Dutch Intervention Act also contains measures that limit the ability of counterparties to invoke contractual rights (such as, for instance, contractual rights to terminate or to invoke a right of set-off or to require security to be posted) if the right to exercise such rights is triggered by intervention of DNB or the Dutch Minister of Finance based on the Dutch Intervention Act or by a circumstance which is the consequence of such intervention.

The Bank is subject to the rules set forth in the BRRD implementation act. Under the BRRD implementation act, if all conditions for resolution are met, the resolution authority must proceed to write down (i.e. reduce the principal amount) or convert (into equity) capital instruments of the institution under resolution. This must be done before applying any resolution tools. If the resolution authority anticipates that this will be insufficient for restoring the viability of the institution and all conditions for resolution are met, the BRRD implementation act requires the resolution authority to proceed to resolution and to make use of (a combination of) any of its resolution tools, which include the sale of business tool, the bridge institution tool, the asset separation tool and the bail-in tool.

The BRRD implementation act also contains measures to limit the ability of counterparty to invoke certain contractual rights if that right has arisen as a result of a crisis prevention measure or crisis management measure or any event directly linked to the application of such a measure.

The Dutch Intervention Act was amended with the Financial Markets (Amendment) Act 2016 (*Wijzigingswet financiële markten 2016*), which entered into force on 1 April 2016. Pursuant to the Amendment Act, DNB now also has the possibility to use the transfer tool in respect of the parent company of an insurance company. In addition, the Minister of Finance has the right to directly expropriate claims (*vorderingsrechten*) of third parties in respect of the troubled institution. It is expected that the act will enter into force on 1 April 2016.

General Duty of Care

A general duty of care has been introduced in the Netherlands in January 2014 for all financial service providers, such as insurance companies and insurance intermediaries. The general duty of care entails that a financial service provider must take the legitimate interests of a consumer or a beneficiary into account in a careful manner. In addition, a financial service provider providing advice must act in the interest of the consumer or beneficiary. The AFM can only issue an instruction within the meaning of Section 1:75 of the Dutch Financial Supervision Act in the case of obvious abuses that can damage the trust in the financial service provider or the financial markets.

Commission Payment Rules

On 1 January 2013, the commission payment rules for, among other things, complex (non-MiFID) products, individual invalidity insurance products, decease risk insurance products and funeral insurance products were amended in the Netherlands by the introduction of a complete ban on third-party commission payments. The ban means that financial service providers (e.g. insurance intermediaries with regard to life insurances) are no longer allowed to receive commission payments for acting as an intermediary or adviser in respect of these products. The ban only applies to contracts that were entered into on or after 1 January 2013. A different commission regime applies to general insurance.

In addition to this ban, a ban on third-party commission payments for investment firms was introduced on 1 January 2014. The ban applies to the investment services (individual) asset management, investment advice and execution-only services of the Company. The ban is limited to investment services to non-professional clients. With respect to the provision of other investment services, the inducement norm as set out in the MiFID applies.

The Financial Markets (Amendment) Decree 2016 (*Wijzigingsbesluit financiële markten 2016*), which entered into force on 1 April 2016, contains a ban on commissions for insurance companies in respect of new unit-linked insurance (*unit-linked beleggingsverzekeringen*). Pursuant to the decree, insurers are no longer allowed to receive commission payments of fund managers of AIFs or UCITS for the offering of unit-linked insurances. For individual unit-linked life insurance contracts, this ban on commissions is applicable only to new contracts entered into from 1 July 2016. Regarding unit-linked pension products, the rules are applicable to new contracts entered into from 1 July 2016 and, as from 1 January 2021, to all contracts, including contracts entered into before 1 July 2016.

Remuneration

Variable Pay Constraints

As from 2011, credit institutions and investment firms based in EU Member States had to comply with variable pay constraints following from CRD III (2010/76/EC) and the Guidelines on Remuneration Policies and Practices of the Committee of European Banking Supervisors of 10 December 2010. These variable pay constraints are applicable to all operations of credit institutions and investment firms based in Member States (including their operations outside the EU). DNB implemented these variable pay constraints in the Regulation of DNB of 16 December 2010 on Sound Remuneration Policies pursuant to the Dutch Financial Supervision Act (*Regeling Beheerst beloningsbeleid Wft 2011*, "**Rbb 2011**") and extended the scope to include also Dutch-based insurance companies and their group companies. With the introduction of the CRD IV framework, the Rbb 2011 was replaced by the *Regeling Beheerst beloningsbeleid Wft 2014* ("**Rbb 2014**") from 1 August 2014. The variable pay constraints laid down in the Rbb 2014 apply to the insurance, bank and investment management activities of the Company.

As of 1 January 2014, additional pay constraints pursuant to CRD IV, including a bonus cap of 100% of fixed pay (or 200% if shareholders approve), came into force, subject to the implementation in Dutch legislation. The CRD IV pay constraints apply to banks, such as the Bank, and do not apply to Dutch-based insurance companies. However, for Dutch-based insurance companies additional pay constraints were introduced pursuant to the act on remuneration policies within the financial sector (*Wet beloningsbeleid financiële ondernemingen*).

On 7 February 2015, the Act on Remuneration Policies within the Financial Sector (*Wet beloningsbeleid financiële ondernemingen*) which is applicable to among others Dutch-based banks, insurance companies, investment firms and the group companies of those entities as well as investment fund managers, entered into force. The legislation introduced a cap for variable remuneration of 20% of fixed remuneration, subject to some exceptions (the 20% cap, for example, does not apply to investment fund managers). Furthermore, the legislation includes a maximisation of the severance payment for day-to-day policymakers of 100% of the annual, fixed component of the individual's remuneration. In addition, the legislation covers a number of other topics, such as the prohibition on guaranteed bonuses and claw-back of variable remuneration and severance pay. In addition, the Act on Remuneration Policies within the Financial Sector contains special provisions for banks and insurance companies which have the Dutch State as a shareholder. Senior management of these institutions are not allowed to receive any variable payment nor any increase in their fixed salary as long as the Dutch State is a shareholder.

Adjustments to Variable Remuneration

On 1 January 2014, the Dutch act on the revision and claw-back of bonuses and profit-sharing arrangements of directors and day-to-day management entered into force. The act applies to executive board members of Dutch public companies and financial institutions as defined in the Dutch Financial Supervision Act, which includes banks, insurance companies, investment firms and investment fund managers as well was entities belonging to them. For financial institutions, the scope of the act is not limited to bonuses of executive board members but also to those who are in charge of day-to-day management. The rules provide for the possibility to: (a) revise a bonus prior to payment, if unaltered payment of the bonus would be unacceptable pursuant to the criteria of "reasonableness and fairness", and (b) claw-back (part of) a paid bonus, if payment took place on the basis of incorrect information on the fulfilment of the bonus targets or conditions for payment of the bonus. Since the coming into force of the act on remuneration policies within the financial sector on 7 February 2015, such revision and claw back has become mandatory for financial institutions. In addition it has become mandatory to revise or claw back variable remuneration in cases of unsuitability or inappropriate behaviour and in cases where the relevant person was responsible for behaviour resulting in serious deterioration of the company's financial position.

A specific provision applies in the event of a "change of control" situation for Dutch-listed companies, such as a public offer, a sale of a substantial part of the business, a merger or a demerger. In those situations the company must determine whether there is an increase in value of the securities that have been granted to a board member as part of his remuneration. The starting point is the value of the relevant securities four weeks before the public offer or merger/demerger is announced or a Section 2:107a Dutch Civil Code (*Burgerlijk Wetboek*) transaction is put to the general meeting. This original value must be compared with the value of the relevant securities on the day the board member either sells the securities or the board membership ends. If there is an increase in the value of the securities, the amount of the increase, to a certain maximum, must be deducted from the remuneration to be paid to the board member. To the extent the increase in value exceeds the remuneration of the relevant board member, the Company shall have a claim against this board member for such excess. Specific rules apply in relation to a merger and demerger.

Dutch Financial Reporting Supervision Act

The Dutch Financial Reporting Supervision Act (*Wet toezicht financiele verslaggeving*, the "**FRSA**") entered into force on 31 December 2006. The FRSA provided for a new statutory framework governing legal proceedings on annual accounts and financial reports. Pursuant to the FRSA, the AFM supervises the application of financial reporting standards by, inter alia, companies whose corporate seat is in the Netherlands and whose securities are listed on a regulated market within the EEA or comparable foreign stock exchange. Under the FRSA, the AFM has an independent right to: (a) request an explanation from listed companies to which the FRSA applies regarding their application of financial reporting standards, and (b) notify such companies that their financial reporting does not comply with applicable standards and recommend to such companies the publication of further explanations on such non-compliance and the effects of future compliance.

If a listed company to which the FRSA applies does not comply with such a request or recommendation as well as, if in the interest of the functioning of the securities markets and the position of the investor in such markets, following a notification of non-compliance, the AFM may request that the Enterprise Chamber order the company to: (i) prepare its financial reports in accordance with the Enterprise Chamber's

instructions, and (ii) publish an explanation on the non-compliance with financial reporting standards in its financial reports and the effects of future compliance. The request sub (i) may also be lodged by interested parties in general and the public prosecutor.

Dutch Prevention of Money Laundering and the Financing of Terrorism Act

On 1 August 2008, the Prevention of Money Laundering and the Financing of Terrorism Act (*Wet ter voorkoming van witwassen en financieren van terrorisme*) (the "**PMLA**") entered into effect. It replaced the Dutch Services Identification Act (*Wet identificatie bij dienstverlening*) and the Dutch Disclosure of Unusual Transactions Act (*Wet melding ongebruikelijke transacties*). Most of the provisions incorporated in those acts were incorporated into the PMLA.

The PMLA implements MLD3 in the Netherlands. The PMLA applies to, *inter alia*, financial institutions, including insurance companies, banks, investment firms and investment fund managers. The aim of the PMLA is to combat the laundering of the proceeds of crime and the financing of terrorism. The PMLA introduces a risk-oriented and principle-based approach and creates flexibility for the institutions. At the same time it implies greater responsibility. The institutions have to assess the risk exposure entailed by certain customers and products and have to align their efforts accordingly. Mandatory rules are no longer imposed on institutions on how to comply, but rather what has to be complied with. An institution, however, must ensure that its employees are familiar with the provisions of the PMLA and that they receive training in order to enable them to recognise unusual transactions. The PMLA imposes requirements regarding, *inter alia*, customer due diligence and the reporting of unusual transactions. Supervision under the PMLA is conducted by, *inter alia*, DNB and the AFM.

The Company, its branches, affiliates, and subsidiaries are firmly committed to participating in international efforts to combat money laundering and the funding of terrorist and criminal activities. The Netherlands is a member country of the Financial Action Task Force and the European Union and has enacted laws and rules designed to implement the anti-money laundering policies of both the Financial Action Task Force and the EU.

Dutch Sanctions Act 1977

Sanctions are political instruments in the foreign and security policy of countries and international organisations (such as the United Nations and the European Union). In general, sanctions are mandatory instruments, used in response to breaches of international laws and human rights, or to effect change when legal or democratic principles are not being adhered to. Sanctions also play a role in the fight against terrorism. Usually, sanctions imposed by the United Nations are incorporated as soon as possible by the EU into European legislation.

EU sanctions regulations have direct effect in the Dutch legal system. The content of the regulations concerned indicate the kind of sanctions involved, their purport, and the states, territories, persons or entities they are aimed at.

The Dutch legal framework regarding sanctions is based on the Dutch Sanctions Act 1977. Pursuant to the Dutch Sanctions Act 1977, the Dutch government can issue subsidiary legislation through which a breach of international sanctions (e.g. EU sanctions regulations) is made a criminal offence. The Dutch Sanctions Act 1977 and subsidiary legislation impose requirements regarding the administrative organisation and internal control of financial undertakings, including a reporting obligation. Both the AFM and DNB are designated authorities for the supervision on compliance with the Dutch Sanctions Act 1977. Financial undertakings, including banks, insurance companies, investment firms and managers of investment institutions, must comply with the provisions of the Dutch Sanctions Act 1977. DNB and the AFM can take administrative measures for non-compliance, including imposing a cease-and-desist order or an administrative fine.

Dutch Data Protection Act

The Dutch Data Protection Act (*Wet bescherming persoonsgegevens*) entered into force on 1 September 2001. The act implements EU Directive 95/46/EC of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data and imposes restrictions on the collection, use and other forms of processing of personal data.

Non-compliance with the Dutch Data Protection Act may lead to the imposition of administrative fines and measures, other sanctions and the obligation to pay damages to the individual concerned.

Pursuant to the Dutch Data Protection Act, personal data may only be processed in case the criteria for making data processing legitimate are met. This safeguard is a prerequisite for all contemplated data processing. If the data processing is indeed legitimate (based on the statutory criteria), such processing must also comply with the other obligations set out in the Dutch Data Protection Act, including but not limited to notification obligations (exceptions apply) and obligations with respect to the transfer of personal data.

In the Netherlands, the Dutch Banking Association (*Nederlandse Vereniging van Banken*) and the Dutch Association of Insurers (*Verbond van Verzekeraars*) drafted the Code of Conduct for the Processing of Personal Data by Financial Institutions (*Gedragscode Verwerking Persoonsgegevens Financiële Instellingen*) that includes specific data protection rules for insurers. The latest draft of this code, dated 1 May 2010, was ratified by the Dutch Authority of Personal Data on 13 April 2010 (although this ratification lapsed per 26 April 2015). In addition to this code of conduct, the Company also complies with the Code of Conduct for the Processing of Personal Data by Healthcare insurers (*Gedragscode Verwerking Persoonsgegevens Zorgverzekeraars*), a self-regulating code applicable to members of the Association of Dutch Health Insurers (*Zorgverzekeraars Nederland*). This code contains rules with respect to the personal data processing by healthcare insurers.

Further, the Company has acceded to the Protocol for the Incidents Warning System of Financial Institutions (*Protocol Incidenten-waarschuwingssysteem Financiële Instellingen*). This protocol, drafted on behalf of the Dutch Banking Association (*Nederlandse Vereniging van Banken*), the Dutch Association of Insurers (*Verbond van Verzekeraars*), Dutch Finance Houses' Association (*Vereniging van Financieringsondernemingen in Nederland*), the Dutch Foundation of Fraud Prevention Mortgages (*Stichting Fraudebestrijding Hypotheken*), Association of Dutch Health Insurers (*Zorgverzekeraars Nederland*), and Federation of Mutual Insurance Companies (*Federatie van Onderlinge Verzekeringsmaatschappijen*) sets out the rules which financial institutions must abide by if an incident is recorded in a register. The last amendment to the protocol was ratified by the Dutch Authority of Personal Data on 7 October 2013.

In January 2012, a formal draft of the new EU Data Protection Regulation was issued. This new regulation aims to (a) better protect personal data of EU citizens, (b) replace the current (national) legislation and (c) adjust it to twenty-first century requirements and technology. The EU Data Protection Regulation will be directly binding for EU countries. This regulation entered into force on 24 May 2016 and will apply as from 25 May 2018.

In anticipation of the EU Data Protection Regulation, the Dutch government decided to already implement a notification duty for data breaches (*Wet Meldplicht Datalekken)*, and also to significantly augment the powers of the Dutch Data Protection Authority. As of 1 January 2016, these new rules became effective in the Netherlands.

Collective Damages Action

On 7 July 2014, the Dutch Minister of Security and Justice started a consultation on a preliminary draft on Redress of Mass Damages in a Collective Action (*Wetsvoorstel Afwikkeling massaschade in een collectieve actie*). The draft legislation aims to enhance an efficient and effective redress of mass damages claims and to strike a balance between a better access to justice in a mass damages claim and the protection of the justified interests of persons held liable. Pursuant to the draft legislation, legal entities which fulfil certain specific requirements (expertise regarding the claim, adequate representation of the persons on whose behalf the action is brought and the safeguarding of interests of the persons on whose behalf the action is brought) could start a collective damages action on behalf of group of persons. The consultation closed on 1 October 2014. Currently, the reactions received are being reviewed and the proposed legislation may be amended on the basis thereof.

Insurance and Insurance-Related Regulation

The Dutch Financial Supervision Act provides that no entity with its registered office in the Netherlands may carry on the business of a life insurance company (*levensverzekeraar*) or general insurance company (*schadeverzekeraar*) without an authorisation granted by DNB. The Dutch Financial Supervision Act contains similar provisions for cases where such a business is operated from a Netherlands-based branch of an institution with its registered office outside the EU. In the event that such business is operated from a Netherlands-based branch of an institution with its registered office within the EU, the "home country

control" principle applies. This means that DNB will be the main regulator in such event for the Netherlands regulated insurance company.

DNB supervises authorised insurance companies by collecting and assessing information regarding those insurance companies. If DNB deems it necessary, it may subsequently take actions pursuant to its assessments. DNB collects information in various ways: by receiving reports and documentation, conducting discussions and carrying out onsite investigations. More indirectly, DNB also uses information from analyses of developments in the financial sector and from contacts with other supervisory authorities. DNB can also make very specific requests for information from the insurance company itself as well as from other parties involved. Based on the information, DNB carries out prudential analyses. The information and analysis together form the basis for the judgement as to whether an insurance company is complying with the supervisory requirements. DNB uses its findings again in the operational supervision of the relevant insurer.

In the context of guiding of and intervening in a supervised insurer, DNB has a number of tools at its disposal to direct the conduct of a supervised insurer. DNB can issue a directive to an insurance company obliging it to adopt a certain course of conduct on specific points. DNB can issue such a directive if: (a) either the insurance company fails to comply with the provisions of the Dutch Financial Supervision Act or related secondary legislation; or (b) DNB identifies signs of a development that may endanger the funds, solvency or liquidity of that insurer.

Furthermore, DNB may appoint an undisclosed administrator (*stille curator*) for all or some corporate bodies or representatives of an insurer, which means that those bodies or representatives may only exercise their powers after obtaining the administrator's approval. The situations in which DNB will resort to this measure correspond to the cases in which DNB can issue a directive as set out above. In the event of the breach of certain provisions listed in the Dutch Financial Supervision Act, DNB can impose a cease-and-desist order or an administrative fine on the offending insurer. DNB also has certain powers under the Dutch Financial Supervision Act to make information public; this involves issuing a public warning and announcing a decision to impose an administrative fine or a cease-and-desist order.

The Dutch insurance and reinsurance framework is mainly relevant for ASR Schadeverzekering N.V., ASR Levensverzekering N.V., ASR Basis Ziektekostenverzekering N.V., ASR Aanvullende Ziektekostenverzekering N.V., AXENT NabestaandenZorg N.V., De Eendragt Pensioen N.V., N.V. Amersfoortse Algemene Verzekering Maatschappij and Europeesche Verzekering Maatschappij N.V.

Health Insurance Companies

Health insurance companies (*zorgverzekeraars*) fall within the scope of the supervisory regime for general insurance companies. However, for health insurance companies, additional rules are applicable. These additional rules include adjusted solvency requirements and the applicability of the Healthcare Insurance Act (*Zorgverzekeringswet*). The Healthcare Insurance Act provides for a basic health insurance which is the same for everyone in the Netherlands. Insured persons can take supplementary insurance for medical expenses outside the basis insurance. The coverage for the basic health insurance is determined by the Ministry of Health, Welfare and Sports (*Ministerie van Volksgezondheid, Welzijn en Sport*). Basic health insurance provides coverage for universal primary curative care. For basic health insurance, health insurance companies are obliged to accept every person who is required to obtain health insurance. The health insurer may not differentiate in premiums on the basis of personal features. In addition, the Healthcare Insurance Act contains an equalisation rule, which means that health insurance companies receive compensation from an equalisation fund based on the characteristics of the insured individuals, e.g. age, gender, income or medical history. On average, a healthcare insurance company covers about 50% of the healthcare costs it reimburses through the policy premiums paid by its persons insured and 50% from the equalisation fund. The premiums may not be differentiated according to the state of health of the person insured. In order to avoid an imbalance where some healthcare insurance companies have a relatively healthy insured population and others a relatively unhealthy insured population, for example in urban areas, and to avoid incentives whereby the healthcare insurance companies would reject or reduce insurance to parts of the unhealthy population, the equalisation fund provides for compensation where an insured person is relatively unhealthy and therefore incurs higher healthcare costs. The equalisation contribution is calculated for each year Y on the basis of the costs actually incurred per individual person insured in year Y-1 and then paid out to the healthcare insurance companies, who have to make provisions for this mechanism in their cash flow management. Supplementary health insurance is not regulated and health insurance companies can tailor the content of the supplementary products to customer needs.

With respect to prudential supervision, health insurance companies are supervised by DNB and the AFM regarding financial market conduct supervision. In addition, as they form an important part of the healthcare system, health insurance companies are supervised by the NZa. The NZa supervises both healthcare providers and insurance companies on the basis of the Healthcare Market Regulation Act (*Wet Marktordening gezondheidszorg*). Pursuant to that Act, healthcare insurance companies must each year submit their draft healthcare insurance policies for the following year to the NZa, which checks whether these policies conform to the Healthcare Insurance Act (*Zorgverzekeringswet*). Pursuant to that Act, the NZa can also impose certain *ex ante* behavioural obligations on a healthcare provider or on a healthcare insurance company that has substantial power.

Supervision of Technical Provisions

The Dutch Financial Supervision Act provides that an insurance company must maintain technical provisions (*technische voorzieningen*). Technical provisions function as a buffer facility in order to cover possible claims by policyholders. The size of the technical provisions is dependent on the type of insurance company concerned (e.g. life or non-life). An insurance company must keep assets as a cover for the technical provisions. The relevant legislation prescribes what assets are permitted and what conditions and maximums apply to specific assets. DNB is the supervisory authority in this respect.

Solvency Supervision

Pursuant to the Dutch Financial Supervision Act, insurers are obliged to meet solvency requirements. These requirements have been implemented into Dutch legislation pursuant to EU insurance directives; see "—EU Regulatory Framework—Insurance and Insurance—Related Regulation—Solvency II Directive". The purpose of the solvency requirements is to enable insurance companies to absorb losses resulting from unforeseen events such as an economic downturn or a shortfall of expectations in the insurer's investment activities. Different criteria apply to different types of insurance policies. DNB supervises the solvency requirements applicable to Dutch insurance companies.

Furthermore, on 1 January 2014, Section 3:97 of the Dutch Financial Supervision Act came into force in the Netherlands. This Section provides that an insurance company is required to obtain a declaration of no-objection from DNB, if the insurance company wants to reduce its own funds by means of (a) repayment of capital or (b) pay-out of reserves, while the insurance company does not meet its SCR (i) at the date of distribution or (ii) when it is foreseeable that the insurance company will not meet its SCR in the coming 12 months. The rule applies, for instance, to dividend distributions and the repayment of subordinated loans.

Structural Supervision

Holding an interest or control of 10% or more (*gekwalificeerde deelneming*, a Qualifying Participation) in a Dutch-based insurance company or other financial undertaking (including a Dutch bank, a manager of a UCITS, an IORP, or an investment firm), requires a declaration of no-objection issued by DNB or, in case of a bank, the ECB. Pursuant to Section 3:95 of the Dutch Financial Supervision Act, a declaration of no-objection from DNB is required for any holding, acquisition or increase of a Qualifying Participation in, amongst others, an insurance company based in the Netherlands. A Qualifying Participation is defined as a holding of 10% or more in the issued share capital of the insurance company (directly or indirectly), or the ability to vote at least 10% of the issued shares in the insurance company (directly or indirectly), or the ability to have a similar influence on the insurance company (directly or indirectly). In determining the ability to vote the provisions of Section 5:45 of the Dutch Financial Supervision Act have to be applied as well (e.g. both individual voting rights and the voting rights of any other shareholders with whom a person is acting in concert are relevant in determining a person's ability to vote or to have similar influence on the insurance company). Further thresholds at which a new declaration of no-objection must be obtained are: 20%, 33%, 50% and 100%. Non-compliance with the requirement to obtain a declaration of no-objection is an economic offense and may lead to criminal prosecution. In addition, if a person acquires a Qualifying Participation without having obtained a declaration of no-objection, it may be obliged to cancel the transaction within a period to be set by DNB unless the person cures the offense and obtains a declaration of no-objection. DNB may request the District Court in Amsterdam to annul any resolutions that have been passed in a general meeting of shareholders in which such person exercised its voting rights, if such resolution would not have been passed or would have been passed differently if such person would not have exercised its voting rights. The District Court will not annul the resolution if the relevant person obtains a declaration of no-objection prior to the decision of the court.

Furthermore, shareholders may be subject to notification obligations under the Dutch Financial Supervision Act. Please see "Description of Share Capital—Disclosure of Holdings".

A declaration of no-objection is issued dependent on the outcome of an assessment of the potential holder of the participating interest. The shareholder, the shareholder's trustworthiness, the extent of control the shareholder will acquire over the financial undertaking concerned, possible conflicts with sound and prudent operations of the undertaking and other considerations are assessed before DNB or, in case of a bank, the ECB will issue a declaration of no-objection.

With respect to acquiring a Qualifying Participation in the Company, which is a top-holding company of several insurance companies and a bank, a declaration of no-objection by DNB in respect of the insurance companies and the IORP and the ECB in respect of the bank is required. This requirement is also applicable if the Foundation exercises the Call Option.

Supporting Policy

With respect to unit-linked insurance policies, the Dutch Minister of Finance has introduced a supporting policy (*flankerend beleid*) by means of a decree and a regulation. The decree was adopted on 7 July 2015 and entered into force on 18 July 2015. Insurance companies are obliged to mobilise (*activeren*) their clients proactively with respect to individual unit-linked insurance policies if they have such unit-linked insurance policies in their portfolio and those policies were entered into prior to 1 January 2013. Mobilising clients in this regard means approaching, encouraging and supporting clients in such a manner that they obtain insight into and review, amongst other things, their financial situation in respect of the policy and possibilities for improvement. The AFM may sanction an insurance company if it does not meet the demands for mobilising these customers.

Financial Services Providers

Most subsidiaries of the Company qualify as financial services providers (*financiëledienstverleners*) within the meaning of the Dutch Financial Supervision Act. The definition of a financial services provider is very broad. It includes, for example, the offering of (*aanbieden*), intermediating in (*bemiddelen*) and advising on (*adviseren*) financial products (other than financial instruments). Examples of such financial products are insurance products, consumer and mortgage credit as well as payment and savings accounts. As a result of their activities, banks, insurance companies and premium pension institutions generally qualify as financial services providers. Financial services providers are under market conduct supervision by the AFM. The market conduct rules set out in the Dutch Financial Supervision Act apply to financial services providers. Some of these rules apply to all financial services providers, while other rules only apply if the financial services provider provides a certain type of service.

Sales on Insurance Products

Conducting insurance intermediary services requires a licence. Under the Dutch Financial Supervision Act, an insurance intermediary (*verzekeringstussenpersoon*) is the party that advises (*adviseur*), provides brokerage services (*bemiddelaar*), or acts as a mandated broker (*gevolmachtigd agent*) given a power of attorney, or sub-power of attorney in respect of an insurance product. The supervision, exercised by the AFM, is focused on orderly and transparent financial market processes, integrity of relations between market participants and due care in the provision of services to customers.

As of 1 January 2013, a ban on third-party commission payments was introduced in the Netherlands. The ban means that, *inter alia*, insurance intermediaries are not allowed to receive commission payments for advising or providing brokerage services in respect of insurance products, such as individual disability insurance products, decease risk insurance products and funeral insurance products, and insurers are not allowed to pay such commission payments to insurance intermediaries. The ban only applies to insurance contracts concluded after 1 January 2013. Consumers must pay the commission payments directly to the intermediary. Insurers are not allowed to waive commission payments when offering insurances directly (without an insurance intermediary being involved) to the consumer and insurers must provide specifications of the commission payments to be made by a consumer.

Insurance intermediaries advising or providing brokerage services in respect of general insurance may only receive commission payments to the extent these commission payments are appropriate and necessary for the services rendered by the intermediary. The intermediary must be transparent to the consumer on the commission payments received. The AFM has issued guidelines for the application of the commission

payment rules that apply to general insurance intermediaries. An important part of the specific requirements that relate to commission payments are included in open standards. The AFM's guidelines mainly relate to these open standards, including the manner in which commissions should be made transparent. The AFM provides starting points for the application of the commission payment rules through the use of examples for instance. Insurance intermediaries acting as mandated brokers may in principle not receive commission payments, unless these payments are necessary for, or enable the provision of, the services.

If the proposal for the IDD is adopted, the rules regarding the payment of commissions and direct sales of insurance products are likely to be amended. See "—EU Regulatory Framework—Insurance and Insurance-Related Regulation—Insurance Mediation Directive".

On 1 January 2014, the requirements in respect of the expertise of intermediaries and their employees were amended. This amendment introduced a diploma requirement for advisers and the education system was changed. Pursuant to the amendment, an intermediary has sufficient expertise if:

- its operation of business is structured in such a manner that competent service to consumers or clients is safeguarded;
- the employees and other individuals that advise consumers or clients hold a recognised diploma; and
- these employees or other individuals comply with the permanent education requirements.

Pensions

In the Netherlands there is a strict distinction between pension benefits as provided by the employer to its employees as an employment benefit and other private life insurance benefits. The main law in the Netherlands applicable to pension providers, including insurers of pension benefits, is the Dutch Pensions Act that as of 1 January 2007 replaced the Dutch Pensions and Savings Funds Act of 1953. Under and pursuant to the Dutch Pensions Act, several additional regulations have been published and are applicable to providers of pension benefits. The prudential and material supervision of pension providers, such as industry-wide pension funds, occupational pension funds, company pension funds and insurance companies is exercised by DNB under the Dutch Pensions Act. The AFM is responsible for the exercising of market conduct supervision.

DNB is also responsible for the prudential supervision regarding IORPs. IORPs are pension providers operating defined contribution pension schemes that are not allowed to cover insurance risks. As a result, IORPs may not provide life-long benefits. In practice this means that IORPs in the Netherlands will only be active in the build-up phase of pensions, and that they will transfer the participant's funds in the IORP at retirement. The Dutch IORP is based on the EU Directive on the activities and supervision of IORP (2003/41/EC). The IORP Directive was a first step towards a European internal market for pension schemes as it made it possible for institutions (including IORPs) to operate across borders. On 27 March 2014 the EC adopted a legislative proposal for new rules on IORPs. The proposal aims to improve governance and transparency of these funds in Europe, promoting cross-border activity, and helping long-term investment. It is currently unknown when the IORP Directive will be revised and what the implementation deadline will be for the Member States.

Currently, there are several new rules being introduced with respect to pensions and pension funds. On 1 July 2015, the Dutch Pension Communication Act entered into force. This Dutch Pension Communication Act aims to improve the information provision to participants regarding pensions, including the expected pension benefits and the risks of a particular pension scheme.

On 9 July 2015, the Dutch legislator published a preliminary draft for new rules regarding variable pension benefits. The draft legislation aims to remove barriers for converting pension capital, which is accrued with respect to a contribution or capital agreement, into variable, risk-bearing pension benefits. Consequently, the draft legislation contains the possibility to spread the positive or negative investment results or life expectancy over a maximum of five years. Pursuant to the proposal, it will be possible for IORPs to operate variable pension benefit schemes provided that such IORP does not cover any insurance risks. The consultation was closed on 16 September 2015. On 23 November 2015, a legislative proposal was sent to the Dutch Parliament, which is currently pending approval.

On 1 January 2016, the General Pension Fund Act entered into force allowing for the formation of a general pension fund (*algemeen pensioenfonds* or 'APF'). The General Pension Fund Act aims to improve the options for employers and employees to realise high quality and safe benefit performances. The act

allows pension funds to execute more than one plan for any employer whilst ring-fencing the assets for different (groups of) contracts. The APF allows for ring-fenced pension scheme bundling with a view to facilitating the increasingly faster consolidation of existing pension funds. As a consequence, the separate administration within an APF of two or more pension schemes in different compartments creates economies of scale (including in governance).

Dutch Work and Income Act

The Work and Income Act (*Wet werk en inkomen naar arbeidsvermogen*, "**WIA**") relates to requirements and rules concerning illness and reintegration of employees. The WIA aims to promote reintegration and to protect the incomes of employees who are restricted in the work they can do due to illness or incapacity. Employees who suffer from a long-term disease (up to 104 weeks) and therefore earn 65% or less of their previous wage may apply to the Employee Insurance Agency (*Uitvoeringsinstituut Werknemersverzekeringen*) for WIA benefits. WIA benefits include two types of benefits: (i) the work resumption of partially disabled benefit (*Werkhervatting Gedeeltelijk Arbeidsgeschikten*) and (ii) the income provision fully incapacitated benefit (*Inkomensvoorziening Volledig Arbeidsongeschikten*).

Dutch Sickness Absence and Occupational Disability among Sickness Benefit Claimants (Restrictions) Act

The Dutch Sickness Absence and Occupational Disability among Sickness Benefit Claimants (Restrictions) Act (*Wet beperking ziekteverzuim en arbeidsongeschiktheid vangnetters*, "**BeZaVa**"), also referred to as Sickness Benefits (modernisation) Act, is aimed at a faster return of the sickness benefit claimants (*vangnetters*) to employment. The BeZaVa therefore on the one hand tightens the criteria of the possibility to claim sickness benefits (*Ziektewetuitkering*), in order to induce sickness benefit claimants to continue working, and, on the other hand, introduces a financial incentive by means of a premium differentiation for (larger) employers, therefore de facto creating an extended employers' liability, to make more effort in preventing (temporary) employees from being entitled to sickness benefits or the work resumption of partially disabled benefits (*Werkhervatting Gedeeltelijk Arbeidsgeschikten*).

Funds and Investment Management-Related Regulation

The regulatory framework in relation to AIFMs, UCITS and investment services has been greatly harmonised throughout the EU through the AIFMD, the UCITS Directives and MiFID. For a description of these EU regimes, see "—EU Regulatory Framework—Investment Management—Related Regulation".

Banking and Banking-Related Regulation

Solvency and Liquidity Supervision

The CRD framework represents the translation of the Basel framework into EU legislation; see "—EU Regulatory Framework—Banking and Banking-Related Regulation". The latest changes in the Basel framework were translated into CRD IV and the CRR. The CRD IV Directive has been implemented into the Dutch Financial Supervision Act and underlying regulations thereto. The CRR is directly applicable since 1 January 2014, resulting in more stringent rules and, in comparison with the former Dutch framework, additional reporting requirements.

Structural Supervision

Obtaining an interest or control of 10% or more in a Dutch-based bank requires a declaration of no-objection issued by the ECB. In addition, banks may be required to apply for a declaration of no-objection issued by DNB for obtaining or increasing a Qualifying Participation in another company. This is the case if the participating interest exceeds a given threshold value; for example, when the participating interest constitutes more than 1% of the balance sheet total of the receiving bank. A bank also requires a declaration of no-objection for certain specific actions, such as a reduction of own funds, or a financial or corporate restructuring.

Deposit Guarantee Scheme

In August 2011, the Dutch Ministry of Finance and DNB published their proposal to establish an *ex ante* funded (i.e. pre-funded) deposit guarantee scheme in the Netherlands by means of an amendment of the Special Prudential Measures, Investor Compensation and Deposit Guarantees (Financial Supervision Act)

Decree (*Besluit bijzondere prudentiële maatregelen, beleggerscompensatie en depositogarantie Wft*). In the end, the proposals thereto never entered into force. On 3 July 2015, the Dutch Minister of Finance informed the Lower House (*Tweede Kamer*) that the implementation deadline in respect of the recast Deposit Guarantee Scheme Directive would not be met in the Netherlands. The legislation implementing the recast directive entered in force on 26 November 2015.

Other Dutch Regulatory Developments

There are still various areas where new rules in the Dutch regulatory framework are to be expected, two examples of which are:

- it is expected that the Financial Markets (Amendment) Decree 2016 will introduce a commission payment ban for insurance intermediaries for the offering and/or intermediating in premium pension institution claims (*premiepensioenvorderingen*) and initiatives to further regulate crowdfunding; and
- the Netherlands is currently not partaking in the introduction of a financial transaction tax, since certain requirements the Dutch government has set for adoption are not met. Nonetheless, it is possible that the Netherlands will implement the financial transaction tax at a later point in time.

In addition, since many of the regulatory requirements described in this chapter have been introduced recently, or have yet to be applied, the exact impact of many of these regulatory requirements in respect of the Company and the Group is not fully clear.

Tax-Related Directive

There are various international and EU initiatives on automatic exchange of information such as the OECD Common Reporting Standard ("**CRS**") and the EU Directive on Administrative Cooperation in the field of Taxation (Council Directive 2011/16/EU, as amended by Council Directive 2014/107/EU). These initiatives call on jurisdictions to obtain information from certain financial institutions. The information so obtained will be automatically exchanged with other jurisdictions.

CRS was published on 13 February 2014 by the OECD, in close cooperation with the EU. On 21 July 2014, the OECD released the Standard for Automatic Exchange of Financial Account Information in Tax Matters, including the Commentary on CRS. CRS seeks to establish the automatic exchange of tax information as the new global standard. The automatic exchange of information involves the systematic and periodic transmission of "bulk" taxpayer information by the source country to the taxpayer's country of residence. On 29 October 2014, the Netherlands, as well as 50 other jurisdictions, signed a multilateral Competent Authority Agreement on the implementation of CRS. To date, the number of jurisdictions has increased to approximately 97. CRS is a model agreement which seeks to establish a new global reporting standard for the automatic exchange of financial account information between participating governments. As with the Foreign Account Tax Compliance Act (FATCA), CRS imposes obligations on financial institutions to identify reportable accounts, obtain the account holder identifying information and report the account information to the local tax authorities.

On 9 December 2014, the Council of the EU adopted a Directive amending Council Directive 2011/16/EU regarding mandatory automatic exchange of information in the field of taxation (Council Directive 2014/107/EU). Under the automatic information exchange system, the Member States of the EU collect data on income earned in their territory by non-resident individuals and automatically transmit the collected data to the authorities where the individuals reside. Council Directive 2014/107/EU expands the scope of the automatic exchange of tax information to include interest, dividends, and other income as well as account balances and sales proceeds from financial assets.

On 8 December 2015, the Council of the EU adopted a new Directive with regard to the mandatory exchange of information on advance cross-border tax rulings, as well as advance pricing arrangements (Council Directive 2015/135/EU).

As of 1 January 2016, CRS and Council Directive 2014/107/EU have been implemented in Dutch law. As a result, the Group will be required to comply with identification obligations starting in 2016, with reporting set to begin in 2017. In addition, there are multiple other initiatives worldwide for multinationals to become more transparent to the relevant tax authorities and other initiatives may follow.

MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

This section summarises certain information concerning the Executive Board, the Supervisory Board and the Group's employees. This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to, the Articles of Association, the Relationship Agreement, the Executive Board Rules (as defined below), the Supervisory Board Rules (as defined below) and the relevant provisions under Dutch corporate law. The Articles of Association, the Executive Board Rules and the Supervisory Board Rules are available in the governing Dutch language and an unofficial English translation of the Articles of Association on the Group's website (www.asrnl.com). The Relationship Agreement is also available on the Group's website.

General

The Company has a two-tier board structure consisting of a management board (*raad van bestuur*, the "**Executive Board**") and a supervisory board (*raad van commissarissen*, the "**Supervisory Board**"). The Executive Board is the statutory executive body and is responsible for the day-to-day management of the Company. The Supervisory Board supervises and advises the Executive Board.

Prior to the Settlement Date, the Company will be subject to the provisions in the Dutch Civil Code referred to as the 'structure regime' (*structuurregime*). Currently, the Company applies the 'mitigated structure regime' (*gemitigeerd structuurregime*), which mitigated regime is available for the Company as long as its issued share capital is (indirectly) wholly owned by the Dutch State. The difference between the mitigated structure regime and the structure regime is that in the mitigated regime, members of the Executive Board are appointed and dismissed by the General Meeting, whereas under the structure regime they are appointed, suspended and dismissed by the Supervisory Board. Under Dutch law, a 'structure company' (*structuurvennootschap*) is a company that meets the following criteria: (i) according to the balance sheet the sum of the issued share capital of the company and its reserves amounts to at least €16,000,000, (ii) the company or a dependent company (*afhankelijke maatschappij*) has, pursuant to a legal obligation, established a works council, and (iii) the company and its dependent companies together normally employ at least 100 employees in the Netherlands. The members of the Supervisory Board are appointed according to a special procedure (see "—Supervisory Board—Composition, Appointment, Term and Removal") in which not only the Supervisory Board and the General Meeting, but also the Company's Works Council plays an important role.

Executive Board

Responsibilities, Powers and Functioning

The Executive Board is the management body and responsible for the day-to-day management of the Company under the supervision of the Supervisory Board. It is responsible for achieving the business objectives and it formulates the Company's strategy, policy and operations and takes responsibility for the internal risk management and control systems. It also takes all important decisions in consultation with the Company's relevant management teams and, as stipulated by the applicable statutory and regulatory frameworks, the Works Council.

In performing its duties, the Executive Board must carefully consider and act in accordance with the interests of the Company and the business connected with it, taking into consideration the interest of all of the Company's stakeholders. Pursuant to the Articles of Association, the Executive Board Rules, the Supervisory Board Rules (both as defined below) and the Relationship Agreement, the Executive Board must submit certain important decisions to the Supervisory Board, to the General Meeting or to NLFI (as long as NLFI holds more than 50% or one-third of the Shares, as applicable) for approval, as more fully described below.

At least once a year, the Executive Board must inform the Supervisory Board in writing of the main features of the strategic policy, the general and financial risks and the administration and control system of the Company.

The Executive Board may perform all acts necessary or useful for achieving the Company's corporate purposes, except for those expressly attributed to the General Meeting or the Supervisory Board as a matter of Dutch law or pursuant to the Articles of Association.

The Executive Board allocates its duties among its members, and the Company's chief executive officer (the "**CEO**") notifies such allocation and significant changes thereto to the Chairman.

The Executive Board as a whole is authorised to represent the Company. Additionally, the authority to represent the Company is also vested in any two members of the Executive Board acting jointly. The Executive Board may resolve to grant powers of attorney to represent the Company and to determine the scope of such powers of attorney. If a power of attorney is granted to an individual, the Executive Board may grant an appropriate title to such person.

Regardless of whether there is a conflict of interest between the Company and a member of the Executive Board, the Executive Board as a whole as well as any two members of the Executive Board acting jointly are still authorised to represent the Company.

Executive Board Rules

Pursuant to the Articles of Association, the Executive Board has adopted rules concerning the organisation, decision-making and other internal matters of the Executive Board (the "**Executive Board Rules**").

The Executive Board may occasionally resolve to not apply the Executive Board Rules. Such a resolution must be disclosed in the Executive Board's annual report. The CEO may in compelling and urgent cases, derogate from the Executive Board Rules if this is required in the interests of the Company. The CEO will report this as soon as possible to the other members of the Executive Board and to the Chairman.

The Executive Board Rules may be amended from time to time. Prior to any amendment, the Executive Board Rules shall be submitted for approval to the Supervisory Board. The Executive Board Rules (*reglement raad van bestuur*) are published (in Dutch) on and can be downloaded from the Group's website (www.asrnl.com).

Composition, Appointment, Term and Dismissal

The Executive Board must consist of at least two members, with the total number of members to be determined by the Supervisory Board.

The members of the Executive Board are appointed by the Supervisory Board. Each Executive Board member shall be appointed for a period ending at the close of the first General Meeting held after four years have passed since the last appointment, unless a shorter period was set at the time of the appointment. Prior to appointing a member of the Executive Board, the Supervisory Board must notify the General Meeting of such intended appointment.

The Supervisory Board elects a member of the Executive Board to be the CEO and another to be the Chief Financial Officer ("**CFO**"). The CEO shall also act as chairman of the Executive Board. Pursuant to the Relationship Agreement, the Supervisory Board is required to give NLFI an opportunity to advise on the decision to appoint or reappoint any member of the Executive Board and on the decision to appoint the CEO, as long as NLFI directly or indirectly holds 10% or more of the Shares. The opportunity to advise needs to be given at such time as to provide NLFI sufficient time to provide meaningful input (*wezenlijke invloed*) prior to the decision to be taken. The Supervisory Board is free to consider whether or not to follow the advice of NLFI, whose right to advise is compatible with the large companies regime and constitutes an additional contractual right of NLFI unrelated to the regime.

The Supervisory Board may at any time suspend or dismiss a member of the Executive Board. However, the Supervisory Board is only entitled to dismiss a member of the Executive Board after the General Meeting has been consulted on the proposed dismissal.

If an Executive Board member is suspended and the Supervisory Board does not resolve to dismiss him or her within three months from the date of such suspension, the suspension shall lapse.

Where an Executive Board member is no longer in office or is unable to act, within the meaning of the Articles of Association, he may be replaced temporarily by a person whom the Executive Board has designated for that purpose and, until then, the other Executive Board member(s) shall be charged with the entire management of the Company. Where all Executive Board members are no longer in office or are unable to act, the management of the Company shall be attributed temporarily to the Supervisory Board, who may temporarily entrust the management of the Company to one or more persons designated by the Supervisory Board for that purpose.

The Executive Board members are assessed on their integrity and suitability by the competent Dutch regulator, see "Supervision and Regulation—Dutch Regulatory Framework—Oath".

Board Meetings and Decisions

The Executive Board shall in principle meet at least every two weeks and, for the rest, as often as one or more Executive Board members indicate a wish to meet. Meetings of the Executive Board shall in principle be held at the office of the Company, but may also be held elsewhere. The meetings will be convened by the CEO, who will give reasonable notice. Each member of the Executive Board may request the CEO to convene a meeting. If the CEO does not convene a meeting within a reasonable period, the requesting member of the Executive Board is authorised to convene a meeting.

If unanimity is not possible and the law, the Articles of Association or the Executive Board Rules do not prescribe a greater majority, resolutions of the Executive Board shall be adopted by an absolute majority of the votes cast. Each member of the Executive Board may cast one vote in this respect. Where there is a tie in any vote of the Executive Board, the relevant item shall again be scheduled for the next meeting, unless the CEO decides that the decision cannot be postponed. In case of the latter, the vote of the CEO will be decisive, provided that there are at least three members of the Executive Board in office. If this is not the case, the relevant resolution will not be passed. Each member of the Executive Board who has voted against a proposed decision may report this to the Chairman.

Resolutions of the Executive Board may, instead of at a meeting, be passed in writing, provided that all Executive Board members are familiar with the resolution to be passed and none of them objects to this decision-making process.

An Executive Board member shall not participate in the deliberations and decision-making of the Executive Board on a matter in relation to which he or she has a direct or indirect personal interest which conflicts with the interests of the Company and of the business connected with it. If, as a result thereof, no resolution can be passed by the Executive Board, the resolution shall be passed by the Supervisory Board (see also "Management, Employees and Corporate Governance—Executive Board—Conflict of Interest" below).

Certain resolutions of the Executive Board as identified in the Articles of Association require the approval of the Supervisory Board, including, *inter alia*:

- the issuance and acquisition of shares in the Company and the issuance of debt instruments against the Company or debt instruments against a limited partnership or general partnership of which the Company is a fully liable partner;
- the cooperation with the issuance of depository receipts for shares in the Company's capital;
- application for the admission of the securities referred to in the bullet points above for trading on a regulated market or a multilateral trading facility, as referred to in Section 1:1 of the Dutch Financial Supervision Act, or on a system comparable to such a regulated market or multilateral trading facility in a state which is not a Member State, or the application for a cancellation of such admission;
- entry into or termination of a long-lasting alliance of the Company or of a Dependent Company (*afhankelijke maatschappij*), as defined in the Articles of Association, either with another entity or partnership, or as a fully liable partner of a limited partnership or general partnership, if this alliance or termination is of significant importance for the Company;
- investments or divestitures by the Company or a Dependent Company, including in any event;
    i. acquiring an interest in the capital of another company with a value of at least one fourth of the amount of the issued share capital and the reserves, according to the Company's balance sheet with explanatory notes, as well as increasing or decreasing such an interest significantly;
    ii. investments or divestures by the Company or a Dependent Company which require an amount equal to at least one-fourth of the amount of the issued share capital and the reserves of the Company, according to its balance sheet with explanatory notes or, if lower, at least one hundred million euro (€100,000,000), in each case with multiple related transactions being considered to constitute the same transaction;
    iii. investments or divestitures which may have major significance for the Company;
    iv. investments or divestitures which are unusual in the sector in which the Company operates; and
    v. investments or divestitures which are of a fundamental nature for the Company;
- application for bankruptcy and requesting a suspension of payments;

- certain proposals to the General Meeting as described in the Articles of Association;
- termination of the employment contracts of a considerable number of employees of the Company or of a dependent company at the same time or within a short period of time;
- a significant change in the working conditions of a considerable number of employees of the Company or of a dependent company;
- dividing shares into fractional shares;
- the issuance of shares or the granting of rights to subscribe for shares;
- the limitation or exclusion of pre-emption rights;
- calling for a payment on shares in the capital of the Company;
- the acquisition of shares by the Company in its own capital, including the determination of the value of a non-cash consideration for such an acquisition;
- the approval for a transfer of shares in the capital of the Company;
- the performance of the legal acts described in section 2:94 Dutch Civil Code;
- the adoption and amendment of the Company's dividend and reservation policy;
- the charging of amounts to be paid up on shares against the Company's reserves;
- an interim distribution of profits;
- a material change to the identity or the character of the Company or the business;
- the annual adoption of the Company's multi-year budget and risk appetite, capital management and investment policies; and
- such other resolutions of the Executive Board as the Supervisory Board shall have specified in a resolution of the Supervisory Board to that effect and notified to the Executive Board.

Furthermore, Dutch law and the Articles of Association provide that decisions of the Executive Board involving a material change to the Company's identity or character or its business are subject to the approval of the General Meeting. Such changes include:

- transferring the business or materially all of the Company's business to a third party;
- entering into or terminating a long-lasting alliance of the Company or of a subsidiary either with another entity or company, or as a fully liable partner of a limited partnership or general partnership, if this alliance or termination is of significant importance for the Company; and
- acquiring or disposing by the Company or a subsidiary of a participating interest (*deelneming*) in the capital of a company with a value of at least one-third of the Company's equity according to the consolidated balance sheet with explanatory notes in the Company's most recently adopted annual accounts.

According to the Articles of Association, a resolution of the General Meeting to this effect requires a majority of at least two-thirds of the votes cast representing more than half of the Company's issued share capital.

The absence of an approval of the Supervisory Board and/or the General Meeting of a resolution of the Executive Board does not affect the representative authority of the Executive Board or its members, but may lead to certain specific resolutions to be null and void pursuant to the Dutch Civil Code.

Certain resolutions of the General Meeting can only be made at the proposal of the Executive Board with the prior approval of the Supervisory Board. See "Description of Share Capital".

For more information on the additional approval rights of NLFI, see "Shareholder Structure and Related Party Transactions—Related Party Transactions—Relationship Agreement".

Conflict of Interest

Dutch law provides that a member of the executive board of a Dutch public limited liability company or Dutch private limited liability company may not participate in the adoption of resolutions (including deliberations in respect of these) if he or she has a direct or indirect personal conflict of interest. This rule

also applies to the Company. If no resolution can be taken as a consequence of all members of the Executive Board having a conflict of interest, the resolution concerned will be adopted by the Supervisory Board. If all members of the Supervisory Board also have a conflict of interest, the relevant resolution can nevertheless be adopted by the Supervisory Board as if none of the members of the Supervisory Board has a conflict of interest. In addition, if a member of the Executive Board does not comply with the provisions on conflicts of interest, the resolution concerned is subject to nullification (*vernietigbaar*) and this member may be held liable towards the Company. Every member of the Executive Board shall notify all other members of the Executive Board of any (potential) conflict of interest and shall provide all relevant information. The CEO will provide this information to the Chairman. In any case, the Supervisory Board will decide whether there is a conflict of interest.

Members of the Executive Board

As at the date of this Prospectus, the Executive Board is composed of the following four persons:

- **J.P.M. (Jos) Baeten L.L.M.** . . . . Mr Baeten (1958) is a Dutch national and is the chairman of the Executive Board and Chief Executive Officer (CEO) of the Company. His areas of responsibility are Human Resources, Corporate Communications, Strategy, Risk Management of the investment funds managed by ANB, Marketing, Business Support, Corporate Social Responsibility, Audit, Integrity and Legal.

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

  Mr Baeten was appointed as CEO of the Company on 26 January 2009 and he was reappointed in 2013 for an additional period. His mandate ends in 2017. Subject to the Deed of Amendment, which will be executed before Settlement, the Supervisory Board has reappointed Mr Baeten per 26 January 2017 for a subsequent term, ending at the close of the first General Meeting to be held in 2020.

  Furthermore, Mr Baeten has held positions as member of the Executive Board of Zorgverzekeraars Nederland from December 2002 to February 2007, member of the Supervisory Board of Fortis Corporate Insurance (later renamed to Amlin Europe N.V.) from 2006 to 2009, Chairman of the Supervisory Board of Multizorg from 2005 to 2006, member of the Supervisory Board of ArboNed N.V. from May 2003 to January 2008 and member and Chairman of the Supervisory Board of Gemiva SVG Groep from January 2006 to December 2014.

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

- **K.T.V. (Karin) Bergstein MSc, MBA** . . Ms Bergstein (1967) is a Dutch national. Her areas of responsibility as Chief Operating Officer ("**COO**") are the product lines Property & Casualty, Individual life, Banking, Funeral, Van Kampen Groep and Customer Service.

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

  She was appointed as a member of the Executive Board of the Company on 15 September 2011 and was reappointed for an additional period in 2015. Her mandate ends at the close of the first General Meeting to be held in 2019.

  Furthermore, Ms Bergstein is a member of the Supervisory Board of Stichting Sanquin Bloedvoorziening and of the Supervisory Board of Utrecht University. She also serves as a Supervisory Board member of Human Total Care.

- **H.C. (Chris) Figee MSc** . . . . Mr Figee (1972) is a Dutch national and is the CFO of the Company. His areas of responsibility are Group Accounting, Reporting & Control, Business Finance & Risk, Group Asset Management, Group Balance Sheet Management and Group Risk Management (excluding Risk Management of the investment funds managed by ANB).

  Mr Figee earned a *cum laude* degree in Financial Economics from the University of Groningen and is an EFFAS Certified Investment Analyst. He also studied Risk Management at Stanford University. Mr Figee started his career at Aegon, where he held various positions, including that of Senior Portfolio Manager. In 1999 he moved to McKinsey, where he rose to the role of partner in 2006. After 10 years with McKinsey, he joined Achmea as Director of Group Strategy & Performance Management in 2009. He also served as a member of the Achmea Group Committee. Mr Figee's last position at Achmea was that of Director of Group Finance.

  Mr Figee was appointed as a member of the Executive Board on 1 May 2014. His mandate ends at the close of the first General Meeting to be held in 2018.

- **M.H. (Michel) Verwoest MA** . . . . Mr Verwoest (1968) is a Dutch national. His areas of responsibility as COO are the product lines Pensions, Occupational Disability Insurance and Health Insurance. He is also responsible for Real estate development, Real Estate Asset Management and Information Technology & Change.

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

He was appointed as member of the Company's Executive Board on 1 December 2012. Subject to the Deed of Amendment, which will be executed before Settlement, the Supervisory Board has reappointed Mr Verwoest per 1 December 2016, for a subsequent term ending at the close of the first General Meeting to be held in 2020.

Mr Verwoest has furthermore held positions as a member of the Executive Board of Zorgverzekeraars Nederland, a member of the Supervisory Board of SRK Rechtsbijstand, a visiting lecturer of Marketing education by modules CRM and Sales, and a member Foundation Vrienden van de Gelderhorst (national foundation for elderly deaf).

The Company's registered address at Archimedeslaan 10, 3584 BA Utrecht, the Netherlands serves as the business address for all members of the Executive Board.

Potential Conflict of Interest and Other Information

The Company is not aware of any (potential) conflicts between any duties of the members of the Executive Board and their private interests and/or other duties. There is no family relationship between any member of the Executive Board or the Supervisory Board.

The Company is not aware of: (a) any convictions of members of the Executive Board for fraudulent offences in the last five years; (b) any bankruptcies, receiverships or liquidations of any entities with which members of the Executive Board were associated in the last five years; or (c) any official public incrimination or sanctions of any members of the Executive Board by statutory or regulatory authorities (including designated professional bodies) or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer in the last five years.

Supervisory Board

Responsibilities, Powers and Functioning

The Supervisory Board is responsible for supervising the management of the Executive Board and the general course of affairs of the Company and the business connected with it and providing advice to the Executive Board. The Supervisory Board may, on its own initiative, provide the Executive Board with advice and may request any information from the Executive Board that it deems appropriate. In performing its duties, the Supervisory Board must consider and act in accordance with the interests of the Company and the business connected with it, taking into consideration the relevant interests of all the stakeholders. The Executive Board must timely provide the Supervisory Board with the information necessary for the performance of its duties. The Supervisory Board elects one of its members to be the Chairman.

At least once a year, the Executive Board shall inform the Supervisory Board in writing of the main features of the strategic policy, the general and financial risks and the administration and control system of the Company.

The Supervisory Board may, at the Company's expense, seek advice from experts in such fields as the Supervisory Board considers appropriate for the proper performance of its duties. The Supervisory Board may determine that one or more Supervisory Board members shall have access to all of the Company's premises and/or shall be entitled to inspect all books, correspondence and other documents and apprise themselves of all acts that have been performed by the Company.

The Supervisory Board has appointed from its members an audit and risk committee (the "**Audit & Risk Committee**"), a selection and appointment committee (the "**Selection & Appointment Committee**") and a remuneration committee (the "**Remuneration Committee**"). These committees are tasked with preparing the decision-making of the Supervisory Board, although the Supervisory Board remains collectively responsible for the fulfilment of the duties delegated to its committees. See "—Supervisory Board Committees".

Supervisory Board Rules

Pursuant to the Articles of Association the Supervisory Board has adopted rules concerning the organisation, decision-making and other internal matters of the Supervisory Board and its committees (the "**Supervisory Board Rules**"). The Supervisory Board Rules may be amended from time to time. The Supervisory Board Rules (*reglement raad van commissarissen*) are published (in Dutch) on and can be downloaded from the Group's website (www.asrnl.com).

Composition, Appointment and Dismissal

The Supervisory Board must consist of at least three members. The Supervisory Board shall determine the number of Supervisory Board members with due observance of this minimum. If the number of Supervisory Board members is less than three, the Supervisory Board shall promptly take steps to supplement its members. Only individuals (not legal entities) may be members of the Supervisory Board. The following persons cannot be appointed as a Supervisory Board member: (a) persons who are employed by the Company; (b) persons who are employed by a Dependent Company (as defined in the Articles of Association); and (c) directors and persons employed by an employee organisation which is customarily involved in determining the employment conditions of the persons referred to under (a) and (b). In addition, pursuant to the Relationship Agreement, no members of the board of NLFI or employees of NLFI shall be appointed as members of the Supervisory Board, as long as NLFI directly or indirectly holds 10% or more of the Shares.

The members of the Supervisory Board are appointed by the General Meeting upon nomination of the Supervisory Board, which shall be supported by reasons (see also "Supervisory Board—Responsibilities, Powers and Functioning"). The General Meeting and the Works Council may recommend persons to the Supervisory Board for nomination as a Supervisory Board member. For this purpose, the Supervisory Board shall inform them in a timely fashion when, why and in accordance with which profile a vacancy in its midst must be filled. The Supervisory Board shall notify the General Meeting and the Works Council simultaneously of its nomination. The nomination will not be submitted to the General Meeting until after the Works Council, in a timely fashion prior to the date of convening the General Meeting, has been given the opportunity to take a position on the proposed nomination. The Chairman or a member of the Works Council designated by him may explain the Works Council's position in the General Meeting. The absence of such a position shall not affect the decision-making concerning the proposal for appointment.

The Supervisory Board is required to nominate one-third of the Supervisory Board members at the enhanced recommendation (*versterkt aanbevelingsrecht*) of the Works Council, unless the Supervisory Board objects to the recommendation on the basis of the expectation that the recommended candidate will be unfit to fulfil the duties of a member of the Supervisory Board or that the Supervisory Board will not be properly composed if the nominated candidate would be appointed. If the Supervisory Board objects to a recommendation by the Works Council, it shall notify the Works Council of the objection, stating the reasons. The Supervisory Board shall promptly consult with the Works Council with a view to reaching agreement on the nomination. If the Supervisory Board establishes that agreement cannot be reached, a designated representative of the Supervisory Board shall request the Enterprise Chamber to declare the objection to be well-founded. The request shall not be filed before four weeks have elapsed after the consultation with the Works Council was initiated. If the Enterprise Chamber declares the objection to be unfounded, the Supervisory Board shall nominate the person recommended. If the Enterprise Chamber declares the objection to be well-founded, the Works Council may make a new recommendation in accordance with the relevant provisions of the Articles of Association.

The General Meeting may reject the nomination of a Supervisory Board member by an absolute majority of the votes cast by shareholders representing at least one-third of the Company's issued share capital. If the General Meeting resolves to reject the nomination by an absolute majority of the votes cast, but this majority does not represent at least one-third of the Company's issued share capital, a new meeting can be convened where the nomination can be rejected by an absolute majority of the votes cast, irrespective of the part of the Company's issued share capital represented. In that case, the Supervisory Board will then prepare a new nomination. If the General Meeting does not appoint the person nominated by the Supervisory Board and does not resolve to reject the nomination, the Supervisory Board will appoint the person nominated.

The Supervisory Board has drawn up a profile (*profielschets*) for its size and composition taking into account the nature of the Company's business, its activities and the desired expertise and background of members of the Supervisory Board. The Supervisory Board shall discuss the profile, initially upon adoption

and subsequently upon any amendment, in the General Meeting and with the Works Council. The profile was discussed with the General Meeting and with the Works Council and pursuant to the Relationship Agreement, the adoption of and any amendment to the profile for the Supervisory Board is subject to prior approval of NLFI as long as NLFI directly or indirectly holds 10% or more of the Shares. With each appointment of a member of the Supervisory Board, the profile must be taken into account. The Supervisory Board profile is included in the Supervisory Board Rules and can be downloaded from the Group's website (www.asrnl.com).

The Supervisory Board shall elect a Supervisory Board member to be the Chairman. Pursuant to the Relationship Agreement, the Supervisory Board is required to give NLFI an opportunity to advise on the decision to appoint the Chairman, as long as NLFI directly or indirectly holds 10% or more of the Shares. The opportunity to advise needs to be given at such time as to provide NLFI sufficient time to provide meaningful input (*wezenlijke invloed*) prior to the decision to be taken. The Supervisory Board is free to consider whether or not to follow the advice of NLFI, whose right to advise is compatible with the large companies regime and constitutes an additional contractual right of NLFI unrelated to the regime.

The Supervisory Board may dismiss the Chairman, provided that the Supervisory Board member so dismissed shall subsequently continue his term of office as a Supervisory Board member without having the title of Chairman.

The Supervisory Board may suspend a member of the Supervisory Board. The suspension will lapse if the Company has not submitted a petition to the Enterprise Chamber within one month after commencement of the suspension. The General Meeting can, by an absolute majority of votes cast, representing at least one-third of the Company's issued share capital, pass a resolution of no confidence (*het vertrouwen opzeggen*) in the entire Supervisory Board, which results in the immediate dismissal of the entire Supervisory Board. A resolution to dismiss the Supervisory Board for lack of confidence cannot be adopted until the Executive Board has notified the Works Council of the proposal for the resolution and the reasons therefor. If the General Meeting has adopted such a resolution, the Executive Board must request the Enterprise Chamber to temporarily appoint one or more Supervisory Board members.

The Supervisory Board members are assessed on their integrity and suitability by the competent Dutch regulator, see "Supervision and Regulation—Dutch Regulatory Framework—Oath".

Terms of appointment

A member of the Supervisory Board is appointed for a period ending at the close of the first General Meeting held after four years have passed since his last appointment, unless a shorter period was set at the time of the appointment. A member of the Supervisory Board can be reappointed twice, each for a further term of four years. The members of the Supervisory Board retire periodically in accordance with a rotation plan drawn up by the Supervisory Board.

The overview below shows the terms of appointment of the members of the Supervisory Board:

Name	Member as of	Date of reappointment	End of current Term	Mandatory end of membership(1)
K. van der Pol	15 December 2008	15 June 2014	15 June 2018	2019
A. Aris	7 December 2010	7 December 2014	7 December 2018	2023
C. van den Bos	15 December 2008	15 June 2015	15 June 2019	2020
H. Hintzen	1 January 2016	—	1 January 2020	2028

(1) On the basis of the possibility of appointment for a period of maximum twelve years.

Meetings and Decisions

The Supervisory Board shall meet as often as deemed necessary to ensure the proper functioning of the Supervisory Board, but in any event at least six times per year. Furthermore, the Supervisory Board shall hold additional meetings if considered necessary by the Chairman or another member of the Supervisory Board.

Unless the Supervisory Board decides otherwise, meetings of the Supervisory Board are attended by the members of the Executive Board, save for meetings concerning the assessment of the performance of the (individual members of) Executive Board or the Supervisory Board.

A Supervisory Board member can be represented by another Supervisory Board member holding a written proxy for the purpose of the deliberations and the decision-making of the Supervisory Board.

Meetings of the Supervisory Board are generally held at the office of the Company, but may also be held elsewhere.

Each Supervisory Board member may cast one vote at a meeting of the Supervisory Board. Resolutions of the Supervisory Board shall be passed, irrespective of whether this occurs at a meeting or otherwise, by absolute majority unless the Supervisory Board Rules provide differently. Invalid votes, blank votes and abstentions shall not be counted as votes cast. Where there is a tie in any vote of the Supervisory Board, the Chairman shall have a deciding vote. Resolutions of the Supervisory Board may, instead of at a meeting, be passed in writing, provided that all Supervisory Board members are familiar with the resolution to be passed and none of them objects to this decision-making process.

A Supervisory Board Member shall not participate in the deliberations and decision-making of the Supervisory Board on a matter in relation to which he has a direct or indirect personal interest which conflicts with the interests of the Company and of the business connected with it. If, as a result thereof, no resolution can be passed by the Supervisory Board, the resolution shall nevertheless be passed by the Supervisory Board as if none of them had a conflict of interests.

Conflict of Interest

Similar to the rules that apply to the members of the Executive Board described above, Dutch law also provides that a member of the supervisory board of a Dutch public limited liability or a Dutch private limited liability company may not participate in the adoption of resolutions (including deliberations in respect of these) if he or she has a direct or indirect personal conflict of interest. This rule also applies to the Company. If all members of the Supervisory Board have a conflict of interest, the resolution concerned will be adopted by the General Meeting. If a member of the Supervisory Board does not comply with the provisions on conflicts of interest, the resolution concerned is subject to nullification (*vernietigbaar*) and this member may be held liable towards the Company. Members of the Supervisory Board (other than the Chairman) shall notify the other members of the Supervisory Board of any (potential) conflict of interest and shall provide all relevant information to the Chairman. If the Chairman has a (potential) conflict of interest, he/she shall notify and provide relevant information to the vice-chairman of the Supervisory Board of such (potential) conflict of interest. The Supervisory Board will decide whether there is a conflict of interest without the presence of the member of the Supervisory Board involved.

Members of the Supervisory Board

As at the date of this Prospectus, the Supervisory Board is composed of the following persons:

• **C. (Kick) van der Pol PhD** . . . Chairman of the Supervisory Board

Member of the Selection & Appointment Committee and the Remuneration Committee

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

He was appointed to the Company's Supervisory Board on 15 December 2008 and was reappointed for an additional term on 15 June 2014. His mandate will end in June 2018.

• **A.P. (Annet) Aris MSc, MBA** . Chair of the Selection & Appointment Committee and the Remuneration Committee

Member of the Audit & Risk Committee

Annet Aris (1958) is a Dutch national and had a 17-year career at McKinsey as a management consultant, nine years of which she served as a partner. She serves as a supervisory director at several Dutch and foreign enterprises and institutions, including ASML N.V. in The Netherlands, ProSiebenSat1 AG and Jungheinrich AG in Germany and Thomas Cook PLC in London. Mrs Aris is an adjunct professor of digital strategy at INSEAD international business school (Fontainebleau, France) and a board member of Stichting Vopak.

She was appointed to the Company's Supervisory Board on 7 December 2010 and was reappointed for an additional term on 7 December 2014. Her mandate will end in December 2018.

- **C.H. (Cor) van den Bos MSc** . Chair of the Audit & Risk Committee and Vice-Chairman of the Supervisory Board

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

  He was appointed to the Company's Supervisory Board on 15 December 2008 and was reappointed for an additional term on 15 June 2015. His mandate will end in June 2019.

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

  Herman Hintzen (1955) is a Dutch national and was Chairman of Insurance EMEA at UBS Investment Bank until January 2016. He is currently Chairman of the Board of Amlin International SE and a member of the Investment Committee of Concertgebouw Fonds.

  In the past, Mr Hintzen also served as adviser to the Board at APG Asset Management and he was Managing Director at Morgan Stanley, Credit Suisse and JP Morgan.

  He was appointed to the Company's Supervisory Board on 1 January 2016. His mandate will end in January 2020.

The Company's registered address at Archimedeslaan 10, 3584 BA Utrecht, the Netherlands serves as the business address for all members of the Supervisory Board.

Potential Conflict of Interest and Other Information

The Company is not aware of any potential conflicts between any duties of the members of the Supervisory Board and their private interests and/or other duties. There is no family relationship between any member of the Supervisory Board or the Executive Board.

The Company is not aware of: (a) any convictions of members of the Supervisory Board for fraudulent offences in the last five years; (b) any bankruptcies, receiverships or liquidations of any entities with which members of the Supervisory Board were associated in the last five years; or (c) any official public incrimination or sanctions of any members of the Supervisory Board by statutory or regulatory authorities (including designated professional bodies) or disqualification by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer in the last five years.

Supervisory Board Committees

General

The Supervisory Board has established from among its members three committees: the Audit & Risk Committee, the Selection and Appointment Committee and the Remuneration Committee. The function of these committees is to prepare the discussion and decision-making of the Supervisory Board. The Supervisory Board does not have any additional permanent committees.

Audit & Risk Committee

The Audit & Risk Committee advises the Supervisory Board within its remit and prepares the corresponding decision-making of the Supervisory Board. One of these subjects is advising the Supervisory Board on the risk appetite proposal made by the Executive Board based on the financial and non-financial reports provided by the Company. The responsibilities also include supervision of the Executive Board in relation to *inter alia* the effectiveness of the internal risk management and control systems, accounting policies, compliance with recommendations of the internal and external auditor, the tax planning policy, the relationship with the independent external auditor and the use of information and communication technology.

The Audit & Risk Committee and the Executive Board will report to the Supervisory Board at least once a year on the developments in relation to the independent external auditor, including their independence and the desirability of partner rotation within the firm of auditors performing the audit. A recommendation will also be made to the Supervisory Board on whether or not to continue the audit engagement for one or more subsequent financial years.

At least five ordinary meetings will be convened in a year. The ordinary meetings will at least be attended by the CFO and the Director of Internal Audit. The Chief Risk Officer and the Director of Integrity and Compliance attend if risk management issues are on the agenda of an ordinary meeting. A meeting of the Audit & Risk Committee will take place at the invitation of the Company's chief financial officer or at the request of one or more members of the Audit & Risk Committee. The Audit & Risk Committee will meet with the independent external auditor at least once a year without the members of the Executive Board being present.

The Audit & Risk Committee consists of: Cor van den Bos (Chair), Annet Aris and Herman Hintzen.

Selection and Appointment Committee

The Selection and Appointment Committee advises the Supervisory Board within its remit and prepares the corresponding decision-making of the Supervisory Board. The remit of the Selection and Appointment Committee includes: (i) assessing proposals of the Executive Board in relation to individual performance appraisals of senior management and other control functions, (ii) preparing the selection criteria and the appointment procedures for members of the Executive Board and Supervisory Board, (iii) the making of proposals for the profile of the Supervisory Board, (iv) periodically reviewing the size and composition of the Executive Board and Supervisory Board, (v) periodically evaluating the performance of the individual members of the Executive Board and the Supervisory Board, subject to the condition that the performance of the members of the Selection and Appointment Committee will be evaluated by the Supervisory Board, (vi) making proposals for the appointment or reappointment of the members of the Executive Board and the Supervisory Board and (vii) supervising the policy of the Executive Board in relation to selection criteria and appointment procedures for higher management. The Selection and Appointment Committee will annually provide a report on its deliberations and findings.

The rules for the Selection and Appointment Committee are an annex to the Supervisory Board Rules.

The Selection and Appointment Committee consists of Annet Aris (chairman) and Kick van der Pol.

Remuneration Committee

The Remuneration Committee assists and advises the Supervisory Board on its duties regarding the remuneration of the Executive Board. The duties of the Remuneration Committee include (i) providing recommendations and proposals to the Supervisory Board in relation to remuneration policy for the Executive Board, (ii) preparing proposals for the Supervisory Board concerning the remuneration of the individual members of the Executive Board within the framework of the remuneration policy as adopted by the General Meeting, and (iii) preparing the remuneration report on the Company's remuneration policy,

to be adopted by the Supervisory Board. The Remuneration Committee will annually provide a report on its respective deliberations and findings.

The rules for the Remuneration Committee are an annex to the Supervisory Board Rules.

The Remuneration Committee consists of Annet Aris (chairman) and Kick van der Pol.

Limitation of Supervisory Positions

Dutch legislation came into force on 1 January 2013 limiting the number of supervisory positions to be occupied by members of the management boards or supervisory boards (including one-tier boards) of "large Dutch companies". The term "large Dutch company" applies to any Dutch company or Dutch foundation which at two consecutive balance sheet dates meets at least two of the following criteria: (i) the value of its assets, as given in its balance sheet (together with explanatory notes) on the basis of their acquisition price and production costs, is more than €17.5 million; (ii) its net turnover in the applicable year is more than €35 million; and (iii) the average number of employees in the applicable financial year is at least 250.

The rules provide that (i) a person cannot be appointed as a managing or executive director of a large Dutch company if he or she already holds more than two supervisory positions at other large Dutch companies or if he or she is the chairman of the supervisory board or one-tier board of another large Dutch company; and (ii) a person cannot be appointed as a supervisory director or non-executive director of a large Dutch company if he or she already holds five or more supervisory positions at other large Dutch companies, whereby the position of chairman of the supervisory board or one-tier board of another large Dutch company is counted twice. An appointment in violation of these restrictions will result in that last appointment being void. Earlier appointments at other entities are not affected. The fact that an appointment is thus void does not affect the validity of decision-making. The Company qualifies as a large Dutch company. The members of the Executive Board and Supervisory Board comply with these rules because, among other things, they do not hold more than the allowed number of positions at other large Dutch companies.

Diversity Policy

Until 1 January 2016, Dutch law required large companies to pursue a policy of having at least 30% of the seats on the executive board and supervisory board held by men and at least 30% of the seats on the executive board and supervisory board held by women. The term "large company" within the meaning of the diversity policy has the same meaning as set out under "—Limitation of Supervisory Positions" above except that the criteria are tested on one balance sheet date. This allocation of seats was to be taken into account in connection with: (i) the appointment, or nomination for the appointment, of members of the Executive Board and the Supervisory Board, (ii) drafting the criteria for the size and composition of the Supervisory Board, as well as the designation, appointment, recommendation and nomination for appointment of members of the Supervisory Board and (iii) drafting the criteria for the members of the Supervisory Board. If a large company did not comply with the gender diversity rules, it was required to explain in its annual report: (i) why the seats were not allocated in a well-balanced manner, (ii) how it had attempted to achieve a well-balanced allocation and (iii) how it aimed to achieve a well-balanced allocation in the future.

This rule was a temporary measure and automatically ceased to have effect on 1 January 2016. Nevertheless, on 23 March 2016 the responsible Dutch Minister submitted a legislative proposal to the Dutch Parliament in which it is proposed to reinstate this rule and extend its application until 1 January 2020.

Remuneration

General

The main goal of the remuneration policy is to stimulate continuous improvement and to maintain the integrity and robustness of the Company. The focus is on the long-term interests of all stakeholders. The policy aims to motivate employees to work for the interests of customers, shareholders and other stakeholders within the parameters of the duty of care. As of 1 July 2014, awarding variable remuneration is no longer part of the Group's remuneration policy; only under limited circumstances, in accordance with the applicable laws and regulations, a specifically designated group of employees such as the field sales force may be eligible for variable remuneration. Variable remuneration awarded before 1 July 2014 will

still vest. The principles followed for drafting, adopting, applying and enforcing the remuneration policy are described below.

(i) HR policy:

- (a) The remuneration policy strikes a balance between trust in intrinsic motivation on the one hand and agreement on clear targets and assessment of performance on those targets on the other.
- (b) The total pay-and-benefits package allows the Company to compete in the labour market and to attract and retain competent people.

(ii) Sound remuneration policy:

- (a) The remuneration policy, including the pension policy, ties in with the corporate strategy and with the Company's objectives, values and long-term interests. Any changes in strategy, objectives, values and long-term interests are taken into account when updating the remuneration policy.
- (b) The remuneration policy is ethical, sound and sustainable, in line with the Company's risk appetite, risk management strategy and risk profile, contributes to robust and effective risk management, and does not encourage the taking of more risks than is acceptable to the business.
- (c) Under the remuneration policy allowance is made for the internal workings of the Company, its subsidiaries and group companies, and for the nature, scale and complexity of the risks attaching to the business.
- (d) The remuneration policy does not restrict the Company's scope to maintain and strengthen its robust regulatory capital, its robust solvency margin or its robust equity.

(iii) Protection of customers and safeguarding of integrity and long-term enterprise value:

- (a) The remuneration policy encourages employees to act in accordance with the Company's long-term interests.
- (b) The remuneration policy is designed such that consumers, clients, customers or members are treated with due care.
- (c) Performances delivered by employees and by the Company itself are measured based on both financial and non-financial indicators.
- (d) The remuneration policy does not encourage employees to take excessive risks.
- (e) The remuneration policy seeks to prevent conflicts of interest.
- (f) The Company does not apply constructions or methods that facilitate the evasion of the remuneration policy or the relevant rules and regulations.
- (g) Employees are expected not to make use of personal hedging strategies or of any insurance policies linked to remuneration and liability to undermine the risk management effects embedded in their pay-and-benefits packages.

(iv) Transparency:

- (a) The design, governance and methodology of the remuneration policy are clear, transparent and applicable to all employees.

(v) Compliance:

- (a) The remuneration policy is compliant with prevailing national and international rules and regulations. It is evaluated periodically and, if necessary, modified to ensure compliance with new rules and regulations or market circumstances.
- (b) The compliance of the remuneration policy and the related procedures with the relevant rules and regulations is monitored at least once a year by a centralised and independent internal body.

Remuneration of Executive Board Members and Supervisory Board Members

The remuneration of the individual members of the Executive Board is determined by the Supervisory Board with due observance of the remuneration policy determined by the General Meeting. In accordance with the Articles of Association, the Supervisory Board must submit to the General Meeting, for its approval, proposals concerning arrangements for remuneration in the form of shares or rights to subscribe for shares.

To determine the competitiveness of the total pay and benefits of the Executive Board, an external party carries out a survey every three years. The benchmark survey compares the compensation of the Executive Board members' remuneration against a peer group consisting of Dutch financial institutions and medium-sized listed Dutch businesses outside the financial sector. The benchmark survey was last performed in 2014. The current remuneration of the Executive Board is considered to be far below the median of the peer group. The Act on Remuneration Policies within the Financial Sectors of February 2015 does not allow for any increase in remuneration as long as part of the shares of the Company are still owned by the Dutch State.

The pay and benefits of the Executive Board include a fixed monthly salary with a holiday allowance and a 13th month's salary. The salaries are indexed in line with collectively agreed pay increases under the CLAs (for more information, see "—Trade Union Relations") for the insurance industry. In addition, benefits such as participation in the pension plan and the use of a company car and chauffeur are applicable.

Mortgage loans held by the members of the Executive Board have been issued based on former employee conditions. The normal employee conditions included limits and thresholds to the amounts that qualify for a personnel interest-rate discount. For mortgage loans greater than €340,000 arm's-length conditions apply.

Pursuant to the Dutch Act on limiting liability of AFM and DNB and introducing a ban on bonuses for state-aided enterprises (*Wet aansprakelijkheidsbeperking DNB en AFM en bonusverbod staatsgesteunde ondernemingen*), members of the Executive Board have not received any variable pay since the financial year 2011 and will not be awarded any variable pay as long as the Company falls under the scope of the ban, i.e. the Dutch State no longer holds an interest in the Company. At the moment, it is unclear at what point in time the Dutch State will no longer hold an interest in the Company. In November 2015, the Dutch Minister of Finance indicated that the Dutch State will eventually fully exit its interest in the Company, but this may take a number of years.

The remuneration of members of the Supervisory Board is set by the General Meeting. The members of the Supervisory Board are paid an appropriate fee proportionate to the time required to perform their duties. The size of the fee is independent of the Group's results.

Please also refer to "Supervision and Regulation—Dutch Regulatory Framework—General—Remuneration" for a description of applicable rules and regulations concerning the remuneration of the members of the Executive Board and Supervisory Board.

Remuneration of Executive Board Members in 2015[1]

	2015
	(EUR)
J.P.M. Baeten	
Fixed employee benefits	533,000
Short-term variable employee benefits	—
Post-employment benefits	—
Pension benefits	287,000
Expense allowance	3,000
Termination benefits	—
Long-term variable remuneration	—
Total, including long-term variable remuneration	823,000
K.T.V. Bergstein	
Fixed employee benefits	405,000
Short-term variable employee benefits	—
Post-employment benefits	—
Pension benefits	139,000
Expense allowance	3,000
Termination benefits	—
Long-term variable remuneration	—
Total, including long-term variable remuneration	547,000
H.C. Figee	
Fixed employee benefits	424,000
Short-term variable employee benefits	—
Post-employment benefits	—
Pension benefits	64,000
Expense allowance	3,000
Termination benefits	—
Long-term variable remuneration	—
Total, including long-term variable remuneration	491,000
M.H. Verwoest	
Fixed employee benefits	412,000
Short-term variable employee benefits	—
Post-employment benefits	—
Pension benefits	132,000
Expense allowance	3,000
Termination benefits	—
Long-term variable remuneration	—
Total, including long-term variable remuneration	547,000
Total	2,408,000

(1) Differences between the total remuneration of the Executive Board members are due to lease arrangements and/or pension benefits.

Mortgage Loans to the Executive Board:

	Outstanding at 31 December 2015	Average interest rate	Redemption in 2015
		(EUR)	
J.P.M. Baeten	624,000	2.6% for 340,000; 3.85% for 284,000	37,000
M.H. Verwoest	878,000	2.9% for 585,000; 4.2% for 263,000; 3.5% for 30,000	8,000
Total	1,502,000	3.25%	45,000

Starting 1 January 2016, because of changes in fiscal regulation, instead of an interest-rate discount, the members of the Executive Board will receive a lump sum.

Remuneration of Supervisory Board Members in 2015

	Remuneration	Committees	Total
		(EUR)	
C. van der Pol	45,000	5,000	50,000
A.P. Aris	30,000	8,333(1)	38,333
C.H. van den Bos	30,000	14,000	44,000
M. Scheltema	20,000	9,000	29,000
Total	125,000	36,333	161,333

(1) A.P. Aris was appointed as a member of the Audit & Risk Committee as of 1 September 2015. By omission, the information included in "The Group's Consolidated Financial Statements as of and for the Year Ended 31 December 2015—Remuneration of Supervisory Board and Executive Board—Remuneration of Supervisory Board members" does not include the remuneration received by A.P. Aris in relation to her membership in the Audit & Risk Committee, which amounted to €3,333 for the year ended 31 December 2015.

Equity Holdings

The Company has not awarded any shares or rights to subscribe for shares to its Executive Board and Supervisory Board members and employees.

Share Plans

The Group currently has no employee share or share option plans.

Terms of Employment and Severance Pay

Members of the Executive Board are appointed as board member for a period of four years, in accordance with the Dutch Corporate Governance Code ("**DCGC**").

The contracts with all members of the Executive Board are entered into for an indefinite period of time. Members of the Executive Board receive severance pay of no more than one year's salary in line with the DCGC. The full terms and conditions of the contracts of the members of the Executive Board are recorded in individual contracts.

The term of appointment of the members of the Supervisory Board is four years. The terms of service of the members of the Supervisory Board have been laid down in contract letters with the Company, including the terms of their remuneration. The members of the Supervisory Board are not entitled to any severance payment.

Liability of Executive Board and Supervisory Board Members

Under Dutch law, the Executive Board members and Supervisory Board members may be liable to the Company for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages to the Company and to third parties for infringement of the Articles of Association or of certain provisions of the Dutch Civil Code. In certain circumstances, they may also incur additional specific civil and criminal liabilities.

Subject to the exceptions described below, the Company shall indemnify each of its Executive Board members and Supervisory Board members (each an "**Indemnified Officer**") against (i) any financial losses or damages incurred by such Indemnified Officer, including as a result of judgements, decisions and settlements; and (ii) any expense reasonably paid or incurred by such Indemnified Officer, including lawyers' fees for putting up a defence, in connection with any threatened, pending or completed suit, claim, action or legal proceedings, whether civil, criminal, administrative or investigative and whether formal or informal and whether in or out of court, in which he becomes involved, to the extent this relates to his current or former position with the Company and/or otherwise follows from the performance of duties at the request of the Company, in each case to the fullest extent permitted by applicable law.

No indemnification shall be given to an Indemnified Officer (i) if a competent court or arbitral tribunal has established, without possibility for appeal, that the acts or omissions of such Indemnified Officer that led

to the financial losses, damages, suit, claim, action or legal proceedings as described above result from an unlawful or illegal act by such Indemnified Officer (including acts or omissions which are considered to constitute wilful misconduct, intentional recklessness or serious culpability on the part of such Indemnified Officer) in the performance of his duties; and (ii) to the extent that his financial losses, damages and expenses are covered by an insurance and the insurer has settled or has provided compensation for these financial losses, damages and expenses (or has irrevocably undertaken that it would do so).

To the extent that the Company provided indemnification to an Indemnified Officer without such Indemnified Officer being entitled thereto, such Indemnified Officer shall promptly reimburse the Company in cash for the amount of such indemnification.

The Executive Board may, with the approval of the Supervisory Board, stipulate additional terms, conditions and restrictions in relation to the indemnification.

The liability of Executive Board members, Supervisory Board members and other key corporate officers of the Company has been covered by a directors' and officers' liability insurance policy. This policy contains limitations and exclusions, such as for wilful misconduct or intentional recklessness (*opzet of bewuste roekeloosheid*).

Pension Plans

The Group maintains two pension plans; a defined contribution plan and a defined benefit plan. The main pension plan of the Group is a defined benefit plan. For employees in the higher salary scales there is an optional, additional defined contribution plan available.

Trade Union Relations

The Company and the trade unions (FNV Finance, De Unie, CNV Vakmensen) together are responsible for negotiating and signing collective labour agreements ("**CLAs**"). As stated in the 'SER Fusiegedrags-regels', trade unions are informed upfront by the Company in case of organisational changes such as mergers and outsourcing. In addition, unions pro-actively address issues in which large groups of employees are involved. The Company believes that a good relationship with trade unions is important in order to come to an effective and constructive dialogue.

The Company has collective labour agreements and a social plan in place. A CLA or a social plan is an agreement, negotiated between the Company and/or The Dutch Association of Insurers (*Verbond van Verzekeraars*) and trade unions on behalf of the employees. A CLA sets out the terms and labour conditions of employees and the mutual obligations of employees and employer that result from these conditions. The current CLAs for the Company's employees are in place until 30 June 2016. A social plan regulates consequences of collective dismissals as a result of reorganisations within the Group. The agreements are set for a certain period of time. As per 1 January 2016, the Company introduced a new social plan (*Het Andere Plan*), which focuses on the further development and future careers of employees. This social plan will expire on 31 December 2018.

Works Council

The Company and certain of its subsidiaries have a works council. A works council is a body of employee representatives who have been elected by the employees. Under Dutch law, the management board of any company running an enterprise where a works council has been established must seek the non-binding advice of the works council before taking certain decisions with respect to the enterprise, such as those related to a major restructuring, a change of control, or the appointment or dismissal of a managing director. Certain other decisions directly involving employment matters that apply either to all employees or certain groups of employees may only be taken with the works council's consent. The Works Council meets regularly with members of the Executive Board and on various other occasions throughout the year. Additionally, twice a year a meeting takes place between representatives of both the Works Council and the Supervisory Board, together with the CEO and the director of HR. On 21 December 2005, the Works Council and Fortis Verzekeringen Nederland N.V. (now the Company) entered into a works council covenant to establish a practical framework for the Works Council to efficiently exercise its statutory rights.

Corporate Governance Code

In December 2003, a committee commissioned by the Dutch State (*Commissie Tabaksblat*) published the DCGC and entered into force on 1 January 2004. The DCGC was revised by the Frijns Committee

(*Commissie Frijns*) in December 2008 and entered into force on 1 January 2009. The full text of the DCGC can be found on www.commissiecorporategovernance.nl.

On 11 February 2016, the Van Manen Committee (*Commissie Van Manen*) presented a proposal to revise the DCGC for market participants to comment on. The Van Manen Committee aims to submit a revised DCGC to the Dutch legislator in the course of this year with a view to the revised DCGC becoming effective as at 1 January 2017.

The Company will be required under Dutch law to report in its annual report whether or not it complies with the provisions of the DCGC and, if it does not comply with those provisions, to explain the reasons why. The DCGC contains both principles and best practice provisions for listed companies in respect of their managing boards, supervisory boards, general meetings, financial reporting, auditors, disclosure, compliance and enforcement standards. The DCGC defines a company as a long-term alliance between the various parties involved in the company. The various stakeholders are the different groups and individuals who, directly or indirectly influence, or are influenced by, the attainment of the company's objects: i.e. employees, shareholders and other lenders, suppliers, customers, the public sector and civil society. The Executive Board and the Supervisory Board should take account of the interests of the various stakeholders. According to the DCGC, good corporate governance results in balanced decision-making in a manner which enhances shareholder value and enables a company to maintain a culture of integrity, transparency and trust. The Company acknowledges the importance of good corporate governance.

The Company complies with all provisions of the DCGC, except for the deviation and nuance which is described below.

The Company applies principle IV.3, which deals with equal and simultaneous provision of information to shareholders, however, with the understanding that the Company will observe the Relationship Agreement with NLFI and the special position of the Foundation. In this respect, reference is made to the Company's policy on bilateral contacts with the shareholders which can be found on the Company's website.

Solvency II

As described under "Supervision and Regulation—EU Regulatory Framework—Insurance and Insurance-Related Regulation—Solvency II Directive", Solvency II lays down strict requirements to have effective governance systems in place. These requirements follow from the Solvency II Directive and the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC and are further elaborated in EIOPA guidelines. On 14 September 2015, EIOPA published the Guidelines on System of Governance in which EIOPA lays down requirements on the system of governance of insurance companies. These requirements mainly see to the organisation of the key functions, i.e. the risk management, compliance, actuarial and internal audit function. However, the Guidelines also set out requirements for a number of other aspects, including mitigating conflicts of interest, requirements in respect of the remuneration policy and the institution of a remuneration committee, outsourcing, group governance and fit and proper requirements for persons who effectively run the undertaking or have other key functions.

To adhere to the above mentioned Solvency II requirements, the Company has worked on embedding the required elements in its governance, IT systems, policies, processes and control framework. Policies and processes (e.g. key function charters, fit for purpose, outsourcing, data quality) are in place and are improved continuously for all relevant parts of the governance system. The enterprise-wide internal control framework, which was implemented in 2015, is used by the Group to manage its key risks, including those related to Solvency II. The implementation of this internal control framework has contributed to an increase in awareness of risk management and the internal control structure has become a management tool. The relevant risk committees manage the risk profile of the Company, which includes monitoring the relevant Solvency II requirements. For a more comprehensive description of the risk management system of the Group, including descriptions of the risk management framework, risk management strategy (including risk appetite), risk governance (three lines of defence, risk committee structure), systems and data, risk policy and risk culture, please see "The Group's Consolidated Financial Statements as of and for the Year Ended 31 December 2015—Risk Management".

Code of Conduct for Insurers

The Code of Conduct for Insurers (*Gedragscode Verzekeraars*) was introduced in 2002 by the Dutch Association of Insurers (*Verbond van Verzekeraars*). This association is the interest group association of

Dutch insurers. The Code was first introduced as a result of public debate on social responsibility. It constitutes a framework for the overall policy with regard to social responsibility and applies to all member of the Dutch Association of Insurers, as its signing is a condition for membership.

On 9 December 2015 the revised version of the Code of Conduct for Insurers was approved. As of that date, the Code of Conduct of Insurers includes principles on careful treatment of customers and permanent education for executive and supervisory boards, which were part of the repealed Governance Principles of the Dutch Association of Insurers. The Code of Conduct for Insurers is based on core values established in 2009. These core values are: providing security, making it possible and social responsibility. Anyone who is of the opinion that a signatory does not comply with the Code of Conduct for Insurers must first complain to the company in question. If that procedure is unsatisfactory then the complainer may turn to the Financial Services Complaints Board (*Klachteninstituut Financiële Dienstverlening, Kifid*) if it is a consumer or the Disciplinary Tribunal.

On the date of this Prospectus, ASR Aanvullende Ziektekostenverzekeringen N.V., ASR Basis Ziektekostenverzekeringen N.V., ASR Levensverzekering N.V., ASR Schadeverzekering N.V., N.V. Amersfoortse Algemene Verzekering Maatschappij, AXENT NabestaandenZorg N.V., De Eendragt Pensioen N.V., and Europeesche Verzekering Maatschappij N.V. are signatories to the Code of Conduct for Insurers.

Banking Code

On 1 January 2015, the new Banking Code came into force. It replaced the 2010 Banking Code and was introduced by the Dutch Bankers' Association (*Nederlandse Vereniging van Banken*). A lot of the provisions from the earlier version of the Banking Code have been implemented in legislation. All Dutch banks are subject to the Banking Code when performing activities which are aimed at and performed in the Netherlands. Compliance with the Banking Code is monitored by the Banking Code Monitoring Committee (*Monitoring Commissie Code Banken*). As of 1 January 2015, banks are required to account for their compliance with the Banking Code on their websites (at least once a year). Compliance with the Banking Code is based on the "*comply or explain*" principle. The Banking Code contains rules on the proper and ethical functioning of management and supervisory boards, risk management, audit and remuneration policy. In the new Banking Code the interests of consumers are equal to the interests of other stakeholders, which is an amendment to the previous version.

The Banking Code is applicable to the Bank and on the date of this Prospectus, the Bank complies with the Banking Code.

DESCRIPTION OF SHARE CAPITAL

This section summarises certain information concerning the Company's share capital and certain material provisions of the Articles of Association as they will read following their amendment prior to the Settlement Date and applicable Dutch law as in force of the date of this Prospectus.

This summary does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to, the Articles of Association as they will read following their amendment prior to the Settlement Date, the Relationship Agreement and the relevant provisions of Dutch law as in force on the date of this Prospectus. The Articles of Association are available in the governing Dutch language and an unofficial English translation thereof on the Group's website (www.asrnl.com) (the contents of the Company's website are not incorporated by reference into this Prospectus). The Relationship Agreement is also available on the Group's website (www.asrnl.com) (the contents of the Company's website are not incorporated by reference into this Prospectus). See also "Management, Employees and Corporate Governance" for a summary of certain material provisions of the Articles of Association and Dutch law relating to the Executive Board and the Supervisory Board and "Shareholder Structure and Related Party Transactions—Relationship Agreement" for a summary of certain material provisions of the Relationship Agreement.

General

The Company is a public limited liability company (*naamloze vennootschap*) incorporated and existing under Dutch law by a notarial deed dated 4 November 1971. The Company has its corporate seat in Utrecht, the Netherlands and its registered office is at Archimedeslaan 10, 3584 BA Utrecht, the Netherlands with the following telephone number: +31 (0)30 2579111. The Company is registered in the Dutch Trade Register of the Chamber of Commerce (*Kamer van Koophandel*) under number 30070695. The Company has also registered the following commercial names: ASR Nederland, AMEV Stad Rotterdam Verzekeringsgroep (ASR), ASR Verzekeringsgroep, a.s.r. and a.s.r. de nederlandse verzekeringsmaatschappij.

Corporate Purpose

Pursuant to Article 3 of the Articles of Association, the corporate objects of the Company are (i) to participate in, to finance, to collaborate with, to control or conduct the management of, or to advise or provide other services to entities or other enterprises, in particular entities and other enterprises operating in the insurance industry, the credit industry, investments and/or other forms of financial services; (ii) to furnish guarantees, to provide security, to warrant performance in any other way and to assume liability, whether jointly and severally or otherwise, in respect of obligations of Group companies or other parties; and (iii) to do anything which, in the widest sense, is connected with or may be conducive to the objects described above.

Share Capital

Authorised and Issued Share Capital

On the date of this Prospectus, the authorised share capital of the Company amounts to €500,000,000 and is divided into 1,000,000 shares, each with a nominal value of €500. On the date of this Prospectus, the Company's issued capital amounts to €100,000,000 and is divided into 200,000 Shares, each with a nominal value of €500. The shares will be subject to and have been created under, Dutch law. As at the date of this Prospectus, neither the Company nor any of its subsidiaries hold any Shares. As at the date of this Prospectus, all Shares that are outstanding are fully paid-up.

As of the moment of execution of the Deed of Amendment, which will be executed before Settlement pursuant to which the Articles of Association will become effective as per 9 June 2016, the authorised share capital will amount to €469,000,000 and will be divided into 350,000,000 Shares and 350,000,000 Preferred Shares, each having a nominal value of €0.67. Subsequently, the nominal value of the Shares and the Preferred Shares will be decreased to €0.16 by means of a capital reduction, which will be implemented as soon as practicable following the execution of the Deed of Amendment and before Settlement.

Immediately following the Offering, the issued share capital will consist of 150,000,000 Shares. It is not expected that Preferred Shares will be outstanding immediately after the Offering.

History of Share Capital

The Shares are subject to, and have been created under, Dutch law. Set out below is an overview of the amount of the authorised share capital for the years 2013, 2014 and 2015 and the number of Shares outstanding in these years. The number of Shares will be increased prior to the Settlement Date as described above. As soon as practicable following the execution of the Deed of Amendment, the Company's issued share capital shall be reduced by an amount of €76,500,000 by reducing the nominal value per Share to €0.16 without repayment and without granting relief from the obligation to pay up those Shares.

	31 December 2013		31 December 2014		31 December 2015	
	Authorised share capital (in EUR)	Outstanding Shares	Authorised share capital (in EUR)	Outstanding Shares	Authorised share capital (in EUR)	Outstanding Shares
Shares	500,000,000	200,000	500,000,000	200,000	500,000,000	200,000

NLFI has issued, without the cooperation of the Company, exchangeable depositary receipts for Shares it holds to the Dutch State. For more information, see "Shareholder Structure and Related Party Transactions—Shareholder Structure—NLFI".

Issue of Shares

The General Meeting may, at the proposal of the Executive Board with approval of the Supervisory Board, resolve to issue Shares or Preferred Shares, to grant rights to subscribe for Shares or Preferred Shares and to limit or exclude statutory pre-emption rights in relation to the issue of Shares or the granting of rights to subscribe for Shares, unless another body of the Company is authorised thereto pursuant to a resolution of the General Meeting. A resolution of the General Meeting to issue Shares or Preferred Shares can only be adopted with an absolute majority. In order for a resolution of the General Meeting on an issuance or an authorisation (as further described below) to be valid, a prior or simultaneous approval is required from the meeting of holders of Shares or the meeting of holders of Preferred Shares in case the rights of such class of shareholders are prejudiced by such issuance or authorisation.

The General Meeting may also authorise the Executive Board (or another body of the Company) to issue Shares and/or Preferred Shares or grant rights to subscribe for Shares and/or Preferred Shares for a specific period not exceeding five years. When granting such authorisation, the number of Shares and/or Preferred Shares must be specified. The authorisation may be extended, in each case for a period not exceeding five years. Unless stipulated differently when granting the authorisation, the authorisation cannot be revoked. For as long as and to the extent that the Executive Board (or another body of the Company) has been authorised to resolve to issue Shares and/or Preferred Shares, the General Meeting does not have this authority. The Company itself may not subscribe for Shares and/or Preferred Shares.

Pursuant to the Relationship Agreement and for as long as NLFI holds more than one-third of the Shares, a proposal to designate the Executive Board as the authorised corporate body to resolve to issue Shares (a) shall be limited to a maximum of 10% of the total issued Shares at the time the authority is granted, (b) may not be used to distribute dividends in the form of Shares, and (c) shall be valid for no more than 18 months, unless NLFI agrees prior to the General Meeting that the proposal may deviate from the above. Any issue of Shares pursuant to such authorisation or the granting of rights to subscribe for Shares shall require the prior approval of NLFI for as long as NLFI holds more than one-third of the Shares.

On 27 May 2016, the General Meeting, at the proposal of the Executive Board, authorised the Executive Board to issue Shares and to grants rights to subscribe for Shares for a period of 18 months following the Settlement Date. Aforementioned authorisation of the Executive Board is limited to up to a maximum of 10% of the Company's issued share capital (determined as at the Settlement Date) and may not be used to distribute dividends in the form of Shares. Any resolution of the Executive Board to issue Shares shall require prior approval of the Supervisory Board.

Pre-emption Rights

Upon an issuance of Shares or a grant of rights to subscribe for Shares, each holder of a Share shall have a statutory pre-emption right in proportion to the aggregate nominal value of its Shares. Preferred Shares do not carry statutory pre-emption rights. Furthermore, no statutory pre-emption right exists in respect of (i) Shares that are issued for a consideration other than in cash, (ii) Shares issued to employees of the

Company or any company belonging to the Group or (iii) Shares issued to persons exercising a previously granted right to subscribe for Shares.

The General Meeting may, at the proposal of the Executive Board with approval of the Supervisory Board, resolve to limit or exclude statutory pre-emption rights, unless another body of the Company is authorised thereto pursuant to a resolution of the General Meeting. A resolution of the General Meeting to limit or exclude statutory pre-emption rights, or to grant an authorisation (as further described below), requires a majority of at least two-thirds of the votes cast if less than half of the issued capital is represented at the General Meeting.

The General Meeting may also authorise the Executive Board (or another body of the Company) to limit or exclude statutory pre-emption rights for a specific period not exceeding five years and only if the Executive Board has also been authorised or is simultaneously authorised to resolve to issue Shares. The authorisation may be extended, in each case for a period not exceeding five years and only applies as long as the authorisation to issue Shares is in force. Unless stipulated differently when granting the authorisation, the authorisation cannot be revoked. For as long as and to the extent that the Executive Board (or another body of the Company) has been authorised to limit or exclude statutory pre-emption rights, the General Meeting does not have this authority.

On 27 May 2016, the General Meeting designated the Executive Board as the body authorised, subject to the approval of the Supervisory Board, to limit or exclude statutory pre-emption rights in relation to an issuance of Shares or the granting of rights to subscribe for Shares for which issue or grant the Executive Board has been authorised (see "—Issue of Shares"), for a period of 18 months following the Settlement Date.

Pursuant to the Relationship Agreement, for as long as NLFI holds more than one-third of the Shares, the exclusion of any statutory pre-emption rights by the Executive Board, pursuant to an authorisation to issue Shares or grant rights to subscribe for Shares or to limit or exclude statutory pre-emption rights in connection therewith, requires the prior approval of NLFI.

Capital Reduction

The General Meeting may, at the proposal of the Executive Board with approval of the Supervisory Board, reduce the Company's issued share capital by cancelling Shares of Preferred Shares or by reducing the nominal value of Shares or Preferred Shares by amending the Articles of Association. The resolution must designate the Shares or Preferred Shares to which the resolution relates and it must provide for the implementation of the resolution. A resolution to cancel Shares or Preferred Shares can only relate to (a) Shares held by the Company itself and (b) all Preferred Shares, with repayment of the amounts paid-up in respect thereof and provided that, to the extent allowed by the Articles of Association, a distribution is made on those Preferred Shares, immediately prior to such cancellation becoming effective, for an aggregate amount of (a) the total of all distributions on Preferred Shares (or parts thereof) in relation to financial years prior to the financial year in which the cancellation occurs, to the extent that these should have been distributed but not yet have been distributed; and (b) the distributions on Preferred Shares calculated in respect of the part of the financial year in which the cancellation occurs, for the number of days that have elapsed during such part of the financial year.

If and when the Company has issued Preferred Shares the Company shall convene a General Meeting, to be held within twenty (20) months following such issuance, for purposes of resolving on the cancellation of all such Preferred Shares.

A capital reduction without repayment and without release from the obligation to pay up the Shares or the Preferred Shares must take place proportionally on the Shares or Preferred Shares, unless all holders of the Shares or all holders of the Preferred Shares give their consent to deviate from this requirement. Partial repayment on Shares or Preferred Shares or release from the obligation to make payments will only be possible when implementing a resolution to reduce the nominal value of the Shares or Preferred Shares.

A resolution of the General Meeting to reduce the Company's issued share capital requires a majority of at least two-thirds of the votes cast if less than half of the issued capital is present or represented at the General Meeting. If such a resolution relates to Preferred Shares, it requires the prior or simultaneous approval of the meeting of holders of Preferred Shares. If such a resolution relates to Shares, it only requires the prior or simultaneous approval of the meeting of holders of Shares in case the rights of holders of Shares are prejudiced by the capital reduction. The resolutions of the meetings of holders of

Preferred Shares and holders of Shares require a majority of at least two-thirds of the votes cast if less than half of the issued capital is present or represented at the relevant meeting.

Please also see "Shareholder Structure and Related Party Transactions—Related Party Transactions—Relationship Agreement" for a description of the rights of the General Meeting in relation to reduction of capital.

Acquisition by the Company of its own Shares

The Company may acquire fully paid-up Shares or Preferred Shares, provided that either no valuable consideration is given or (i) the distributable part of the shareholders' equity is at least equal to the aggregate acquisition price; (ii) the aggregate nominal value of the Shares and/or Preferred Shares to be acquired, and of the Shares and Preferred Shares already held or held in pledge by the Company and its subsidiaries, does not exceed 50% of the issued share capital; and (iii) the Executive Board has been authorised by the General Meeting to acquire its own Shares and/or Preferred Shares, unless the Shares are acquired in order to transfer them to employees of the Company or of a company belonging to the Group pursuant to an arrangement applicable to these employees.

The above-mentioned authorisation remains valid for no longer than 18 months. When granting such authorisation, the General Meeting must determine the number of Shares and/or Preferred Shares that may be acquired, how they may be acquired and within which range the acquisition price must be.

No distribution will be made to the Company in respect of Shares or Preferred Shares held by it, and no votes may be cast at a General Meeting in respect of a Share of Preferred Share held by the Company or a subsidiary of the Company. Usufructuaries and pledgees of Shares or Preferred Shares held by the Company or a subsidiary of the Company are not, however, precluded from exercising their voting rights if the usufruct or pledge was created before ownership of the relevant Share or Preferred Share was transferred to the Company or a subsidiary of the Company. Neither the Company nor a subsidiary of the Company may vote on Shares or Preferred Shares of the Company in respect of which it holds a usufruct or a pledge.

On 27 May 2016, the General Meeting, at the proposal of the Executive Board, authorised the Executive Board for a period of 18 months following the Settlement Date, subject to the approval of the Supervisory Board, to acquire fully paid-up Shares (and depository receipts for such shares). The number of Shares to be acquired by the Company under the authorisation is limited to 5% of the issued capital not held by NLFI as at the Settlement Date. The Shares may be acquired by any means, including through derivative products, purchases on a stock exchange, private purchases, block trades, or otherwise, for a price which is not less than the nominal value of the Shares and does not exceed 100% of the highest market price at which the Shares traded on Euronext in Amsterdam either on the date of the transaction or on the preceding trading day.

Form and Transfer of Shares

All Shares and Preferred Shares are in registered form (*op naam*). The Executive Board keeps a register at the Company's head office in Utrecht, the Netherlands, in which the names and addresses of shareholders are recorded, showing the date on which the Shares and the Preferred Shares were acquired, the date of acknowledgement by or serving on the Company and the amount paid-up on each Share or Preferred Share. In addition, each transfer or passing of ownership is registered in the shareholder's register. The register also includes the names and addresses of persons holding certain rights *in rem* (usufructuaries (*vruchtgebruikers*) and pledgees (*pandhouders*)) in respect of such shares.

The Shares are eligible for inclusion into, and the Offer Shares will be included in, (i) a collective deposit (*verzameldepot*) in accordance with the provisions of the Dutch Securities Giro Transactions Act (*Wet giraal effectenverkeer*) or (ii) a giro deposit (*girodepot*) in accordance with the provisions of the Dutch Securities Giro Transactions Act. The Preferred Shares may not be included in a collective deposit or a giro deposit. The 'intermediary', as defined in the Dutch Securities Giro Transactions Act, is responsible for the management of the collective deposit, and Euroclear Nederland, being the 'central institute' for the purposes of the Dutch Securities Giro Transactions Act, will be responsible for the management of the giro deposit. The name and address of the intermediary or the central institute shall be entered in the Company's shareholders register, stating the date on which those Shares became part of a collective deposit or the giro deposit, the date of acknowledgement by or giving of notice to as well as the paid-up amount on each Share.

The transfer of a Share or a Preferred Share requires a deed of transfer and, unless the Company itself is a party to the transaction, acknowledgment of the transfer by the Company in writing. A transfer of Preferred Shares requires the prior approval of the Executive Board, which approval in itself requires approval of the Supervisory Board.

The transfer of book-entry rights representing Shares included in a collective deposit or a giro deposit (as the Offer Shares will be) are effected in accordance with the provisions of the Dutch Securities Giro Transactions Act. Save for limited exceptions, the Dutch Securities Giro Transactions Act excludes the transfer (*uitlevering*) of Shares out of a collection deposit or giro deposit.

Dividends and other Distributions

General

The Company can only make distributions (of profits or from a reserve) to the shareholders to the extent the Company's equity exceeds the sum of the paid-up and called-up part of its capital and the reserves which it must maintain by Dutch law.

Please also see "Dividend Policy" for a description of the Company's dividend policy.

Right to Reserve

Without prejudice to the order of distribution, the Executive Board will determine, subject to Supervisory Board approval, which part of the remaining profits shall be added to the Company's reserves.

Dividend Entitlement Shares and Preferred Shares

The profits shown in the Company's annual accounts in respect of a financial year are appropriated as follows, and in the following order of priority:

(i) to the extent that any Preferred Shares have been cancelled without the payment described under "Description of Share Capital—Capital Reduction" having been made in full on those Preferred Shares and without any such deficit subsequently having been paid in full as described in the Articles of Association, any such deficit will be paid to those who held those Preferred Shares immediately before such cancellation became effective;

(ii) to the extent that any distribution on Preferred Shares (or part thereof) in relation to previous financial years has not yet been paid in full, any such deficit will be paid on the Preferred Shares;

(iii) the distribution on Preferred Shares will be paid on the Preferred Shares in respect of the financial year to which the annual accounts pertain;

(iv) the Executive Board will, subject to the approval of the Supervisory Board, determine which part of the remaining profits shall be added to the Company's reserves; and

(v) any remaining profits will be at the disposal of the General Meeting for distribution to the holders of Shares.

To the extent that distributions described under (i) through (iii) above (or any part thereof) cannot be paid out of the profits shown in the annual accounts, the deficit shall be paid out of the Company's reserves.

The distribution on Preferred Shares will be an amount equal to the mathematical average, calculated over the financial year (or the relevant part thereof) in respect of which a distribution is made on Preferred Shares, of the relevant EURIBOR, plus a margin not exceeding five hundred basis points to be determined by the Executive Board each time when, or before Preferred Shares are issued without Preferred Shares already forming part of the Company's issued share capital. If the relevant Preferred Shares are issued in the course of a financial year the distribution will be calculated as a proportion of the time lapsed.

Distributions on Shares are made in proportion to the aggregate nominal value of those Shares. Distributions on Preferred Shares shall be paid in proportion to the amounts paid-up on those Preferred Shares.

A distribution of profits can take place following the adoption of annual accounts of the Company confirming that distribution is permitted, taking into account all laws and regulations, including capital requirements.

Distribution of Reserves

The General Meeting is, exclusively at the proposal of the Executive Board with the approval of the Supervisory Board and subject to Dutch law and the Articles of Association, authorised to resolve to make a distribution from the Company's reserves which do not need to be maintained pursuant to Dutch law. All reserves maintained by the Company shall be attached exclusively to the Shares. The Company shall not attach any reserve to the Preferred Shares. A distribution from any such reserves shall be made exclusively to the holders of Shares.

Interim Distributions

The Executive Board may resolve, subject to the approval of the Supervisory Board, and subject to Dutch law and the Articles of Association, to make interim distributions of profits, provided that it appears from interim accounts prepared in accordance with Section 2:105(4) Dutch Civil Code that the Company's equity exceeds the sum of the paid-up and called-up part of its capital and the reserves which it must maintain by Dutch law, and taking into account the order of priority described above.

Distribution in the Form of Shares

The General Meeting may, at the proposal of the Executive Board with the approval of the Supervisory Board, also resolve that all or part of such distribution, instead of being made in cash, shall be made in form of shares in the Company's capital or in the form of the Company's assets.

Dissolution and Liquidation

The Company may be dissolved by a resolution of the General Meeting, subject to a proposal by the Executive Board that has been approved by the Supervisory Board. A resolution of the General Meeting to dissolve the Company shall require a majority of at least two-thirds of the votes cast, representing more than half of the Company's issued share capital. In the event of the Company being dissolved, the liquidation shall be effected by the Executive Board under the supervision of the Supervisory Board, unless the General Meeting decides otherwise. To the extent possible, the Articles of Association shall remain in effect during the liquidation.

To the extent that any assets remain after payment of all of the Company's debts, those assets shall be distributed as follows, and in the following order of priority:

(i) the amounts paid-up on the Preferred Shares shall be repaid on those Preferred Shares;

(ii) to the extent that any Preferred Shares have been cancelled without the relevant payment described under "Description of Share Capital—Capital Reduction" having been made in full on those Preferred Shares and without any such deficit subsequently having been paid in full as described in the Articles of Association, any such deficit shall be paid to those who held those Preferred Shares immediately before such cancellation became effective;

(iii) to the extent that any distribution on Preferred Shares (or part thereof) in relation to financial years prior to the financial year in which the distribution referred to under a. occurs has not yet been paid in full as described under "Description of Share Capital—Distributions—Profits", any such deficit shall be paid on the Preferred Shares;

(iv) the distribution on Preferred Shares shall be paid on the Preferred Shares calculated in respect of the part of the financial year in which the distribution referred to under a. occurs, for the number of days that have already elapsed during such part of the financial year; and

(v) any remaining assets shall be distributed to the holders of Shares.

General Meetings and Voting Rights

General Meetings

General Meetings must be held in Utrecht, Amsterdam, Rotterdam, or The Hague. The annual General Meeting must be held at least once a year, no later than in June. Extraordinary General Meetings shall be held whenever the Executive Board or Supervisory Board decides so, and within three months after the Executive Board has considered it to be likely that the Company's equity has decreased to an amount equal to or lower than half of its paid-up and called-up capital. In addition, one or more shareholders and others entitled to attend a General Meeting who collectively represent at least the percentage (currently 10%) of

the Company's issued share capital as prescribed by law, may request the Executive Board and the Supervisory Board in writing to convene a General Meeting, setting out in detail the matters to be discussed. If neither the Executive Board nor the Supervisory Board (each in that case being equally authorised for this purpose) has taken the steps necessary to ensure that a General Meeting could be held within the relevant statutory period after the request, the requesting persons may be authorised, at his/her/ their request, by the court in preliminary relief proceedings to convene a General Meeting.

Pursuant to the Relationship Agreement, in the event NLFI requests the Executive Board or Supervisory Board to convene a General Meeting, the Executive Board or the Supervisory Board (as the case may be) is required to ensure that such meeting will be convened within 60 calendar days of NLFI's request.

The convocation of the General Meeting must be published through an announcement by electronic means. In addition, shareholders may be convened by means of letters sent to the addresses of those shareholders as these are set out in the shareholders register. The convocation must take place by at least such number of days prior to the day of the meeting as required by Dutch law, which is currently 42 days. However, the convocation of a General Meeting for purposes of passing a resolution to issue Shares in connection with emergency measures shall take place no later than on the tenth day prior to that of the General Meeting, provided that all relevant requirements set out in Section 2:115(3) Dutch Civil Code are met.

The convening notice must include, among other items, an agenda indicating the location and time of the meeting, the registration date, the manner in which persons entitled to attend the General Meeting can register and exercise their rights the time on which registration for the meeting must have occurred ultimately, as well as the place where the meeting documents may be obtained.

The agenda for the annual General Meeting must contain certain items, including, among other things, the adoption of the annual accounts, the discussion of any substantial change in the corporate governance structure of the Company and the allocation of the profit, insofar as this is at the disposal of the General Meeting. In addition, the agenda shall include such items as have been included therein by the Executive Board, the Supervisory board or shareholders (with due observance of Dutch law as described below). If the agenda of the General Meeting contains the item of granting discharge to the members of the Managing Board and Supervisory Board concerning the performance of their duties in the financial year in question, the matter of the discharge shall be mentioned on the agenda as separate items for the Executive Board and the Supervisory Board respectively. The agenda shall also include such items as one or more shareholders and others entitled to attend a General Meeting, representing at least the percentage (currently 3%) of the Company's issued share capital, as required by law, have requested the Executive Board by a motivated request to include in the agenda, at least within the relevant period prescribed by law (currently 60 days) before the day of the General Meeting. No resolutions may be adopted on items other than those which have been included in the agenda.

Shareholders who, individually or with other shareholders, hold Shares that represent at least 1% of the issued share capital required by law or at least the nominal value required by law (currently €250,000), may request the Company to disseminate information that is prepared by them in connection with an agenda item for a General Meeting, if the Company has this information at its disposal in accordance with Section 49c of the Dutch Securities Giro Transactions Act. The Company can only refuse disseminating such information, if received less than seven business days prior to the General Meeting, if the information gives or could give an incorrect of misleading signal or if, in light of the nature of the information, the Company cannot reasonably be required to disseminate it.

The General Meeting is chaired by one of the following individuals, taking into account the following order of priority: (a) by the Chairman if there is one and he/she is present at the General Meeting, (b) by another member of the Supervisory Board present at the General Meeting chosen by the members of the Supervisory Board present at the General Meeting; (c) by a member of the Executive Board present at the General Meeting chosen by the members of the Executive Board present at the General Meeting; or (d) by another person appointed by the General Meeting. The person who should chair the General Meeting pursuant to the above may appoint another person to chair the General Meeting instead of him or her.

Each shareholder may attend the General Meeting, address the General Meeting and exercise voting rights pro rata to his or her shareholding, either in person or by proxy. Shareholders may exercise these rights, if they are the holders of Share or Preferred Shares on the registration date, which is currently the 28th day prior to the date of the General Meeting, and, in case they hold Shares, have notified the Company in writing of his or her identity and his/her intention to attend the General Meeting, which

notification must be received by the Company ultimately on the seventh day prior to the General Meeting, unless indicated otherwise when such General Meeting is convened. However, if a General Meeting is being convened for purposes of passing a resolution to issue Shares in connection with emergency measures, as described above, the Articles of Association provide that the registration date shall be the seventh day prior to the date of such General Meeting.

In the Relationship Agreement, the Company and NLFI have agreed on certain rights and obligations regarding the exchange of information between the Company and NLFI. Please see "Shareholder Structure and Related Party Transactions—Related Party Transactions—Relationship Agreement" for more information on those arrangements.

Voting Rights

Each Share and each Preferred Share gives the right to cast one vote at General Meetings. Unless a greater majority is required by Dutch law or by the Articles of Association, all resolutions of the General Meeting pass by absolute majority. Invalid votes, blank votes and abstentions are not counted as votes cast. Shares or Preferred Shares in respect of which an invalid or blank vote has been cast and shares in respect of which an abstention has been made shall be taken into account when determining the part of the issued share capital that is present or represented at a General Meeting. Where there is a tie in any vote of the General Meeting, the relevant resolution shall not have been passed. Members of the Executive Board and the Supervisory Board have an advisory vote a General Meetings.

Pursuant to the Articles of Association the following resolutions of the General Meeting shall require a majority of at least two-thirds of the votes cast representing more than half of the Company's issued share capital:

(i) a resolution to approve resolutions of the Executive Board concerning a material change to the identity or the character of the Company or the business, including any event:

  (a) transferring the business or materially all of the business to a third party;

  (b) entering into or terminating a long-lasting alliance of the Company or of a subsidiary either with another entity or company, or as a fully liable partner of a limited partnership or general partnership, if this alliance or termination is of significant importance for the Company; and

  (c) acquiring or disposing of an interest by the Company or a subsidiary of a participating interest (*deelneming*) in the capital of a company with a value of at least one-third of the value of the Company's equity, according to the consolidated balance sheet with explanatory notes in the Company's most recently adopted annual accounts;

(ii) the amendment of the Articles of Association, but only if it concerns an amendment to the content or application of articles 2, 3, 19.12 and/or 31.3 of the Articles of Association; and

(iii) the Company's dissolution.

Please also see "Major Shareholders and Related Party Transactions—Related Party Transactions—Relationship Agreement" for a summary of the relationship between the Company and NLFI.

Amendment of the Articles of Association

The General Meeting may resolve to amend the Articles of Association upon a proposal of the Executive Board, which has been approved by the Supervisory Board. A proposal to amend the Articles of Association must be included in the agenda. A copy of the proposal, containing the verbatim text of proposed amendment, must be lodged with the Company for the inspection of every shareholder until the end of the General Meeting. The Company shall discuss the contents of such proposal to amend the Articles of Association with Euronext Amsterdam before presenting it to the General Meeting.

A resolution of the General Meeting to amend the Articles of Association requires a simple majority of the votes validly cast. However, an amendment to articles 2, 3, 19.12 and/or 31.3 of the Articles of Association requires a majority of at least two-thirds of the votes cast representing more than half of the Company's issued share capital.

Annual and Semi-Annual Financial Reporting

Annually, within four months after the end of the financial year, the Company must publish an annual financial report, consisting of audited annual accounts, an auditor's statement, a management report and certain other information required under Dutch law. The annual accounts must be adopted by the General Meeting.

The Company must publish a semi-annual financial report as soon as possible, but at the latest three months after the end of the first six months of the financial year. If the semi-annual financial report is audited or reviewed, the independent auditor's statement must be published together with the semi-annual financial report.

Public Offer Rules

Pursuant to the Dutch Financial Supervision Act, and in accordance with European Directive 2004/25/EC, also known as the takeover directive, any shareholder who (individually or jointly) directly or indirectly obtains control of a Dutch listed company, such as the Company, is required to make a public offer for all issued and outstanding shares in that company's share capital at a fair price. Such control is deemed present if a (legal) person is able to exercise, alone or acting in concert, at least 30% of the voting rights in the general meeting of such listed company (subject to a grandfathering exemption for major shareholders who, acting alone or in concert, already had control at the time of that company's initial public offering). An additional exemption exists if such (legal) person, alone or acting in concert, reduces its holding below 30% within 30 days of the acquisition of control provided that: (i) the reduction of such (legal) person's holding was not effected by a transfer of shares or depositary receipts to an exempted party; and (ii) during this period such (legal) person, alone or acting in concert, did not exercise its voting rights.

In addition, it is prohibited to launch a public offer for shares of a listed company, such as the Shares, unless an offer document has been approved by the AFM. A public offer may only be launched by way of publication of an approved offer document unless a company makes an offer for its shares. The public offer rules are intended to ensure that in the event of a public offer, among others, sufficient information will be made available to the holders of the shares, the holders of the shares will be treated equally, that there will be no abuse of inside information and that there will be a proper and timely offer period.

Dutch Squeeze-Out Proceedings

Pursuant to Section 2:92a of the Dutch Civil Code, a shareholder who for his own account contributes at least 95% of the issued capital may institute proceedings before the Enterprise Chamber against the other shareholders jointly for the transfer of their shares to the claimant. The proceedings are held before the Enterprise Chamber and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary upon the advice of one or three experts. In the event that a shareholder has acquired at least 95% of the shares held by him, representing at least 95% of the total voting rights, each remaining minority shareholder is entitled to demand a squeeze-out. This procedure must be initiated with the Enterprise Chamber within three months after the end of the period for tendering shares in the public offer. With regard to the price per share to be paid by the majority shareholder, the same procedure as for squeeze-out proceedings initiated by the offeror, as set out in the previous paragraph, applies.

The offeror under a public offer is also entitled to start squeeze-out proceedings if, following the public offer, the offeror contributes at least 95% of the outstanding share capital and represents at least 95% of the total voting rights. The claim of a takeover squeeze-out needs to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer. The Enterprise Chamber may grant the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary, after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. In principle, the offer price is considered reasonable if the offer was a mandatory offer or if at least 90% of the shares to which the offer related were received by way of voluntary offer.

The Dutch takeover provisions of the Dutch Civil Code also entitle those minority shareholders that have not previously tendered their shares under an offer to transfer their shares to the offeror, provided that the offeror has acquired at least 95% of the outstanding share capital and represents at least 95% of the total

voting rights. With regard to price, the same procedure as for takeover squeeze-out proceedings initiated by an offeror applies. The claim also needs to be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer.

Anti-Takeover Measures

The Foundation was incorporated on 26 May 2016. The Foundation's objects are to promote and protect the interests of the Company, the business connected with it and its stakeholders from time to time, and repressing possible influences which could threaten the continuity, independence, strategy and/or identity of the Company or the business connected with it to such an extent that this could be considered to be contrary to the aforementioned interests. The Foundation aims to achieve its objects by, amongst other things, acquiring and holding Preferred Shares pursuant to, and subject to the terms of the Call Option Agreement, and exercising the voting rights and other rights attached to Preferred Shares held by the Foundation.

In the Call Option Agreement, in furtherance of the Foundation's objects as described above, the Company has granted to the Foundation, subject to the execution of the Deed of Amendment, the continuous and repeatedly exercisable right to subscribe for Preferred Shares for up to the lesser of a) the total number of shares that form the Company's issued capital at the time of an exercise of that right minus the number of Preferred Shares already held by the Foundation at that time (if any) minus one; or b) the maximum number of Preferred Shares that may be issued under the Company's authorised share capital as included in the Articles of Association at the time of an exercise of the Call Option. The Call Option can be exercised each time that the Foundation considers, or reasonably expects, there to be an act that is, in the opinion of the Foundation, materially (*wezenlijk*) contrary to the interests of the Company, the business connected with it and its stakeholders, which may include the following to the extent it is materially (*wezenlijk*) contrary to the aforementioned interests: (i) the announcement of a public offer for Shares, or the legitimate expectation that such a public offer shall be announced, without agreement on the offer having been reached with the Company or the offer being supported by the Company, and (ii) an activist shareholder (or group of activist shareholders acting in concert) of the Company directly or indirectly representing at least 25% of the Shares forming part of the Company's issued share capital. If and for as long as the Selling Shareholder holds at least one-third of the Shares, the Foundation cannot exercise the Call Option without the prior consent of the Selling Shareholder.

Ultimately, after the Foundation has held Preferred Shares for a period of twenty (20) months (or such later date which the Foundation deems appropriate under the facts and circumstances at hand), the Foundation may request, by means of a notice to that effect, that the Company consider to procure, as soon as practicable, the proposal of a resolution to the General Meeting to cancel all Preferred Shares. The Company is free to propose such a resolution to the General Meeting without this being requested by the Foundation if not cancelling the Preferred Shares in a timely fashion would result in the Foundation being required to make a mandatory public offer in respect of the Company under Section 5:70(1) Dutch Financial Supervision Act. In addition, if and when the Company has issued Preferred Shares, the Company shall convene a General Meeting, to be held within twenty (20) months following such issuance, for purposes of resolving on the cancellation of all such Preferred Shares.

If and for as long as the Foundation holds Preferred Shares, the Foundation may request at any time, by means of a notice to that effect, that the Company consider to procure, as soon as practicable, the convening and holding of a General Meeting to discuss and, if appropriate, resolve on any relevant matter in relation to the Preferred Shares.

The board of the Foundation is currently composed of the following members:

Name	Position	Curriculum vitae
H.J. (Herman) Hazewinkel	Chairman	Mr Hazewinkel (1949) is a Dutch national. He was appointed as the chairman of the Foundation on 26 May 2016. Mr Hazewinkel received a degree in chartered accounting at the Dutch Institute for Chartered Accountants (NIVRA, which later merged into the NBA) in 1976. Mr Hazewinkel started working at the Dutch Ministry of Finance as an accountant. Between 1978 and 1992, Mr Hazewinkel worked as accountant and partner at Dechesne & Van der Boom / Ernst & Whinney, which firm merged into Moret Ernst & Young in 1989. Mr Hazewinkel then was appointed member of the Board of Management of Kondor Wessels in 1993, which company merged into VolkerWessels in 1997. From 1997 until 2009 Mr Hazewinkel worked at Volkerwessels, the first two years as Vice Chairman and as from 1999 as Chairman of the Board of Management. Mr Hazewinkel holds and has held several non-executive roles. As from 2007 Mr Hazewinkel is Board Member and as from 2014 Chairman of the Board of the Stichting ING Aandelen. He is also Chairman of the Supervisory Board of Soweco (as from 2010), Vice Chairman of the Supervisory Board of Koninklijke Boskalis Westminster (as from 2010), Vice Chairman of the Supervisory Board of Schiphol Group (as from 2009) and Chairman of the Supervisory Board of TKH Group (as from 2005).

The Foundation was incorporated with a board composed of one member, which is the Chairman, but intends to, as soon as practicable, appoint two additional members of the board in accordance with the articles of association of the Foundation.

The chairman of the board of the Foundation is entitled to a standard remuneration of €15,000 per year. The other members of the board of the Foundation are entitled to a standard remuneration of €12,000 per year. In case the Foundation acquires and holds or has seriously considered acquiring and holding Preferred Shares, the remuneration of the chairman of the board may be increased with €5,000 and the remuneration of the other members of the board may be increased with €4,000, for the relevant year.

All members of the board are independent from the Company. The Foundation meets the independence requirement as referred to in Section 5:71(1)(c) of the Dutch Financial Supervision Act.

Transparency Directive

On admission of the Shares to listing on Euronext in Amsterdam, the Netherlands will be the Company's home member state for the purposes of Directive 2004/109/EC (as amended by Directive 2013/50/EU) as a consequence of which the Company is subject to the Dutch Financial Supervision Act in respect of certain ongoing transparency and disclosure obligations.

Disclosure of Holdings

Shareholder Disclosure and Reporting Obligations

Pursuant to the Dutch Financial Supervision Act, each shareholder who holds or is deemed to hold a substantial holding in the Company should forthwith notify the AFM of such substantial holding. Substantial holding means the holding of at least 3% of the shares or the ability to vote on at least 3% of the total voting rights. Any person who, directly or indirectly, acquires or disposes of an interest in the

share capital or voting rights must give notice to the AFM without delay, if, as a result of such acquisition or disposal, the percentage of capital interest or voting rights held by such person, directly or indirectly, reaches, exceeds or falls below any of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%.

In addition, if, as a result of such change, a person's direct or indirect interest in the share capital or voting rights passively reaches, exceeds or falls below the abovementioned thresholds, the person in question must give notice to the AFM no later than the fourth trading day after the AFM has published the change in the share capital and/or voting rights in the public register.

For the purpose of calculating the percentage of capital interest or voting rights, among others, the following interests must be taken into account: (i) shares or depositary receipts for shares or voting rights directly held (or acquired or disposed of) by any person, (ii) shares or depositary receipts for shares or voting rights held (or acquired or disposed of) by such person's controlled undertakings or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement (including a discretionary power of attorney), (iii) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights against a payment, (iv) shares or depositary receipts for shares or voting rights which such person, or any controlled undertaking or third party referred to above, may acquire pursuant to any option or other right held by such person (including, but not limited to, on the basis of convertible bonds), (v) shares which determine the value of certain cash settled instruments such as contracts for difference and total return swaps, (vi) shares that must be acquired upon exercise of a put option by a counterparty, and (vii) shares which are the subject of another contract creating an economic position similar to a direct or indirect holding in those shares.

For the same purpose of calculating the percentage of capital interest or voting rights, the following instruments qualify as 'shares': (i) shares; (ii) depositary receipts for shares (or negotiable instruments similar to such receipts); (iii) negotiable instruments for acquiring the instruments under (i) or (ii) (such as convertible bonds); and (iv) options for acquiring the instruments under (i) or (ii).

The notification to the AFM should indicate whether the interest is held directly or indirectly, and whether the interest is an actual or a potential interest.

A person is deemed to hold the interest in the share capital or voting rights that is held by its controlled undertakings as defined in the Dutch Financial Supervision Act. The controlled undertaking does not have a separate duty to notify such interest as an indirect interest. Any person, including an individual, may qualify as an undertaking in control for the purposes of the Dutch Financial Supervision Act. A person who has a 3% or larger interest in the share capital or voting rights and who ceases to be a controlled undertaking for purposes of the Dutch Financial Supervision Act must without delay notify the AFM. As of that moment, all notification obligations under the Dutch Financial Supervision Act will become applicable to the former controlled undertaking itself.

A holder of a right of pledge or usufruct in respect of shares or depositary receipts for shares can also be subject to the reporting obligations of the Dutch Financial Supervision Act, if such person has, or acquires, the right to vote on the shares or, in the case of depositary receipts for shares, the underlying shares. If a pledgee or usufructuary acquires the voting rights on the shares or depositary receipts for shares, this may trigger a corresponding reporting obligation for the holder of the shares or depositary receipts for shares. Special rules apply with respect to the attribution of shares or depositary receipts for shares or voting rights which are part of the property of a partnership or other community of property.

Each person holding a gross short position in relation to the issued share capital of a Dutch listed company that reaches, exceeds or falls below any one of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%, must immediately give notice to the AFM. If a person's gross short position reaches, exceeds or falls below one of the above-mentioned thresholds as a result of a change in the Company's issued share capital, such person is also required to make a notification not later than the fourth trading day after the AFM has published the Company's notification in the public register of the AFM. Shareholders are advised to consult with their own legal advisers to determine whether the gross short-selling notification obligation applies to them.

In addition, pursuant to Regulation (EU) No 236/2012, each person holding a net short position attaining 0.2% of the issued share capital of a Dutch listed company is required to notify such position to the AFM. Each subsequent increase of this position by 0.1% above 0.2% must also be notified. Each net short position equal to 0.5% of the issued share capital of a Dutch listed company and any subsequent increase of that position by 0.1% will be made public via the AFM short-selling register. To calculate whether a

natural person or legal person has a net short position, their short positions and long positions must be set off. A short transaction in a share can only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires the confirmation of a third party that the shares have been located. The notification shall be made no later than 3:30 pm CET on the following trading day.

Under the Dutch Financial Supervision Act, the Company is required to notify the AFM without delay of any changes in its share capital if its share capital has changed by 1% or more compared to the previous disclosure in respect of its share capital. The Company is also required to notify the AFM without delay of any changes in the voting rights, insofar as it has not already been notified at the same time as a related change in its share capital. Changes in share capital and voting rights of less than 1% must also be notified; these changes can be notified at any time but at the latest within eight days after the end of each calendar quarter. The AFM will publish such notifications in a public register.

In addition, each person who is or ought to be aware that the substantial holding he holds in the Company, reaches, exceeds or falls below any of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%, vis-à-vis his most recent notification to the AFM, which change relates to the composition of the notification as a result of certain acts (e.g. (i) the exchange of certain financial instruments for shares or depositary receipts for shares, (ii) the exchange of shares for depositary receipts for shares, or (iii) as a result of the exercise of rights pursuant to a contract for the acquisition of voting rights) must give notice to the AFM no later than the fourth trading day after he became or ought to be aware of this change.

The AFM keeps a public register of all notifications made pursuant to these disclosure obligations and publishes all notifications received by it. The notifications referred to in this paragraph should be made in writing by means of a standard form or electronically through the notification system of the AFM.

Management Disclosure and Reporting Obligations

Each member of the Executive Board and Supervisory Board must notify the AFM: (a) immediately following the admission to trading and listing of the shares of the number of shares he/she holds and the number of votes he/she is entitled to cast in respect of the Company's issued share capital, and (b) subsequently of each change in the number of shares he/she holds and of each change in the number of votes he/she is entitled to cast in respect of the Company's issued share capital, immediately after the relevant change.

Pursuant to the Dutch Financial Supervision Act, any member of the Executive Board and Supervisory Board, as well as any other person who would have managerial or co-managerial responsibilities in respect of the Company or who would have the authority to make decisions affecting the Company's future developments and business prospects regularly having access to inside information relating, directly or indirectly, to the Company, must notify the AFM by means of a standard form of any transactions conducted for his or her own account relating to the shares or in financial instruments the value of which is also based on the value of the shares.

In addition, in accordance with the Dutch Financial Supervision Act and the regulations promulgated thereunder (e.g. the Dutch Financial Supervision Act Decree on Market Abuse (*Besluit Marktmisbruik Wft*)), certain persons who are closely associated with members of the Executive Board and Supervisory Board or any of the other persons as described above, are required to notify the AFM of any transactions conducted for their own account relating to the shares or in financial instruments the value of which is also based on the value of the shares. The Dutch Financial Supervision Act and the regulations promulgated thereunder cover, *inter alia*, the following categories of persons: (i) the spouse or any partner considered by national law as equivalent to the spouse; (ii) dependent children; (iii) other relatives who have shared the same household for at least one year at the relevant transaction date; and (iv) any legal person, trust or partnership whose, among other things, managerial responsibilities are discharged by a person referred to under (i) to (iii) above or by the relevant member of the Executive Board and Supervisory Board or other person with any authority in respect of the Company as described above.

The AFM must be notified of transactions effected in either the shares or financial instruments, the value of which is (in part) determined by the value of the shares, no later than the fifth business day following the transaction date by means of a standard form or by using the digital portal made available by the AFM. Notification may be postponed until the date the value of the transactions carried out on that person's own account, together with the transactions carried out by the persons associated with that person, reaches or exceeds the amount of €5,000 in the calendar year in question.

If a member of the Executive Board or Supervisory Board has notified a transaction to the AFM under the Dutch Financial Supervision Act as described above under "—Shareholder disclosure and reporting obligations" above, such notification is sufficient for purposes of the Dutch Financial Supervision Act as described in this paragraph.

Non-Compliance with Disclosure Obligations

Non-compliance with the disclosure obligations set out in the paragraph above is an economic offence (*economisch delict*) and may lead to the imposition of criminal prosecution, administrative fines, imprisonment or other sanctions. The AFM may impose administrative penalties or a cease-and-desist order under penalty for non-compliance. If criminal charges are pressed, the AFM is no longer allowed to impose administrative penalties and vice versa, the AFM is no longer allowed to seek criminal prosecution if administrative penalties have been imposed. Furthermore, a civil court can impose measures against any person who fails to notify or incorrectly notifies the AFM of matters required to be correctly notified. A claim requiring that such measures be imposed must be instituted by the Company and/or one or more shareholders who alone or together with others represent(s) at least 3% of the issued share capital or are able to exercise at least 3% of the voting rights. The measures that the civil court may impose include:

- an order requiring the person violating the disclosure obligations under the Dutch Financial Supervision Act to make appropriate disclosure;
- suspension of voting rights in respect of such person's shares for a period of up to three years as determined by the court;
- voiding a resolution adopted by a General Meeting, if the court determines that the resolution would not have been adopted but for the exercise of the voting rights of the person who is obliged to notify, or suspension of a resolution until the court makes a decision about such voiding; and
- an order to the person violating the disclosure obligations under the Dutch Financial Supervision Act to refrain, during a period of up to five years as determined by the court, from acquiring the shares and/or voting rights in the shares.

Public Registry

The AFM does not issue separate public announcements of the notifications. It does, however, keep a public register of all notifications under the Dutch Financial Supervision Act on its website www.afm.nl. Third parties can request to be notified automatically by e-mail of changes to the public register in relation to a particular company's shares or a particular notifying party.

Identity of Shareholders

The Company may in accordance with Chapter 3A of the Dutch Securities Giro Transactions Act request Euroclear Nederland, admitted institutions, intermediaries, institutions abroad, and managers of investment institutions, to provide certain information on the identity of its shareholders. Such request may only be made during a period of 60 days up to the day on which the General Meeting will be held. No information will be given on shareholders with an interest of less than 0.5% of the issued share capital. A shareholder who, individually or together with other shareholders, holds an interest of at least 10% of the issued share capital may request the Company to establish the identity of its shareholders. This request may only be made during a period of 60 days until (and not including) the 42nd day before the day on which the General Meeting will be held.

Market Abuse Regime

The rules on preventing market abuse set out in the Dutch Financial Supervision Act are applicable to the Company, the members of the Executive Board and the Supervisory Board, other insiders and persons performing or conducting transactions in the Company's securities. Certain important market abuse rules set out in the Dutch Financial Supervision Act that are relevant for investors are described hereunder. As of 3 July 2016, the legal basis for the rules on preventing market abuse will be the Market Abuse Regulation (Regulation (EU) No 596/2014) ("**MAR**"). The rules under the MAR will differ in certain aspects from the rules on preventing market abuse as they are currently set out in the Dutch Financial Supervision Act.

The Company is required to make inside information public. Pursuant to the Dutch Financial Supervision Act, inside information is knowledge of concrete information directly or indirectly relating to the issuer or the trade in its securities which has not yet been made public and publication of which could significantly affect the market price of the securities. The Company must also provide the AFM with this inside information at the time of publication. Furthermore, the Company must without delay publish the inside information on its website and keep it available on its website for at least one year.

It is prohibited for any person to make use of inside information within or from the Netherlands or a non-EU member state by conducting or effecting a transaction in the Shares. In addition, it is prohibited for any person to pass on inside information relating to the Company or the trade in its securities to a third party or to recommend or induce, on the basis of inside information, any person to conduct a transaction in the Company's securities. Furthermore, it is prohibited for any person to manipulate the market, for instance by conducting transactions which could lead to an incorrect or misleading signal of the supply of, the demand for or the price of the securities.

The Group has adopted an internal code on inside information in respect of the holding of and carrying out of transactions with respect to the Shares by the members of its Executive Board, Supervisory Board and employees. Furthermore, the Group has drawn up a list of those persons working for the Group who could have access to inside information on a regular or incidental basis and has informed the persons concerned of the rules on insider trading and market manipulation, including the sanctions which can be imposed in the event of a violation of those rules.

SHAREHOLDER STRUCTURE AND RELATED PARTY TRANSACTIONS

Shareholder Structure

NLFI

As of the date of this Prospectus, all shares in the share capital of the Company are held by NLFI. NLFI is responsible for managing the Shares and exercising all rights associated with these Shares under Dutch law, including the voting rights. Material and principal decisions of NLFI regarding its shareholding require the prior approval of the Dutch Minister of Finance, who can also give binding voting instructions to NLFI with respect to such decisions. NLFI is not permitted to dispose of or encumber the Shares, except pursuant to an authorisation from and on behalf of the Dutch Minister of Finance. In view of its standalone position, the Group has been informed by NLFI that NLFI is not involved in the affairs conducted or contemplated by the Dutch Ministry of Finance or any other part of the Dutch State. As sole shareholder, NLFI does not have special voting rights.

NLFI has issued, without the cooperation of the Company, exchangeable depositary receipts for Shares it holds to the Dutch State. At the date of this Prospectus, the Dutch State is the sole owner of all issued exchangeable depositary receipts and therefore the Dutch State has an indirect economic interest of 100% in the Company. In connection with the Offering, the depositary receipts issued by NLFI to the Dutch State for the Offer Shares will be cancelled under the obligation for NLFI to forward the proceeds of the Offering to the Dutch State.

Immediately after Settlement, NLFI will hold 65% of the Shares, assuming 52,200,000 Offer Shares are sold in the Offering and the Over-Allotment Option is not exercised. Including full exercise of the Over-Allotment Option, NLFI will hold 60% of the Shares, assuming 60,000,000 Offer Shares are sold in the Offering. The Dutch State will own the corresponding indirect economic interest in the Company.

Foundation

The Company has granted a call option to the Foundation (see "Description of Share Capital—Anti-Takeover Measures"). If and for as long as the Selling Shareholder holds more than one-third of the Shares, the Foundation cannot exercise the Call Option without the prior written consent of the Selling Shareholder.

Related Party Transactions

The Group regularly enters into transactions with related parties during the conduct of its business. Parties related to the Group include the Dutch State, NLFI, associates, joint ventures, members of the Executive Board, members of the Supervisory Board and their immediate family members. These parties further include entities over which these persons or entities exercise control or substantial influence, and other affiliated entities. These transactions mainly involve loans, deposits, commissions and reinsurance contracts, and are conducted on terms equivalent to those that prevail in arm's length transactions. See Note 5.33 of the Group's consolidated financial statements for the financial year ended 31 December 2015, Note 6.34 of the Group's consolidated financial statements for the financial year ended 31 December 2014 and Note 35 of the Group's consolidated financial statements for the financial year ended 31 December 2013.

Relationship Agreement

On 30 May 2016, the Company and NLFI entered into the Relationship Agreement. The Relationship Agreement contains certain arrangements regarding the relationship between the Company and NLFI. The full text of the Relationship Agreement will be available on the Company's website. Below is a summary of the main elements of the Relationship Agreement.

Duration and termination

The Relationship Agreement will terminate if and when NLFI directly or indirectly holds less than 10% of the Shares, except for a limited number of clauses which will not terminate under any circumstances. The Relationship Agreement may not be terminated unilaterally by any party.

Corporate Governance

The Company has agreed to give NLFI the opportunity to advise on the decision of the Supervisory Board to appoint or reappoint any member of the Executive Board and on the appointment by the Supervisory Board of the CEO. NLFI furthermore needs to be given the opportunity to advise on the appointment by the Supervisory Board of the Chairman. The adoption of and any amendment to the profile for the Supervisory Board is subject to the prior approval of NLFI.

Pursuant to the Relationship Agreement and subject to certain restrictions and limitations as set forth therein, NLFI has among other things a right of prior approval with respect to the following matters:

(i) for as long as NLFI holds more than 33⅓% of the Shares: any issuance of (or granting of rights to acquire) Shares or the exclusion of any statutory pre-emption rights by the relevant corporate body pursuant to an authorisation to issue (rights to obtain) Shares or to exclude statutory pre-emption rights;

(ii) for as long as NLFI holds more than 50% of the Shares: any acquisition or disposition of a participating interest (*deelneming*) in the capital of a company (or a transaction of a similar nature, including a business transfer) by the Company or any of its subsidiaries with a value of more than 5% of the Company's equity, whereby equity is taken to mean equity (*eigen vermogen*) of the Company, according to the consolidated balance sheet, including explanatory notes, in the most recently adopted annual accounts; and

(iii) for as long as NLFI holds more than 33⅓% (but not more than 50%) of the Shares: any acquisition or disposition of a participating interest in the capital of a company (or a transaction of a similar nature, including a business transfer) by the Company or any of its subsidiaries with a value of more than 10% of the Company's equity, whereby equity is taken to mean equity (*eigen vermogen*) of the Company, according to the consolidated balance sheet, including explanatory notes, in the most recently adopted annual accounts.

NLFI shall also be given the opportunity by the Executive Board to advise on which auditor should be proposed for assignment to the General Meeting, prior to making the proposal for such instruction to the General Meeting.

If the Company intends to resolve (whether or not on the basis of an authority delegated to it by the General Meeting), or propose that the General Meeting resolve on any matter as a result of which NLFI will hold 30% or more of the outstanding voting rights in the Company, the Company shall inform NLFI in writing at least 20 business days before taking such resolution and/or proposing to take such resolution in a notification to Shareholders in order to enable NLFI to take such measures as are required for it not having to make a mandatory offer. NLFI may then sell such number of Shares to prevent a mandatory offer having to be made within 30 days. A matter as referred to in this paragraph includes a reduction of the outstanding capital of the Company in whatever manner, including but not limited to by way of (a) cancellation of Shares or Preferred Shares, (b) repurchase of Shares or Preferred Shares, or (c) reduction or amendment of the nominal value of the Shares.

In the event that NLFI requests the Executive Board or the Supervisory Board to convene a General Meeting, the Executive Board or the Supervisory Board (as the case may be) will ensure that such meeting will be convened within 60 calendar days of NLFI's request. NLFI will have the right to put items on the agenda of a General Meeting, subject to the relevant provisions of the Articles of Association.

Orderly Market Arrangements

At any time after the lock-up period, NLFI is entitled to sell any number of Shares, whether or not in the open market. NLFI will use reasonable efforts to conduct any sell down in an orderly market manner.

If NLFI effects a sell down of Shares on Euronext in Amsterdam, the aggregate number of Shares sold and transferred in any two-month period may not exceed 5% of the Shares. If NLFI, after approval of the Dutch Minister of Finance, wishes to sell Shares through a fully marketed offering, the Company will provide its reasonably requested assistance. NLFI cannot request from the Company that there is more than one fully marketed offering per every nine months.

NLFI has agreed not to sell and transfer 20% or more of the Shares through a bought deal or via an accelerated book built offering at once without the prior approval of the Company. There will be no more than one accelerated book built offering every three months, unless otherwise agreed between the parties.

The terms 'fully marketed offering', 'bought deal' and 'accelerated book built offering' are defined and further described in the Relationship Agreement.

Information Rights

The Company has agreed to timely provide NLFI with all requested information which NLFI requires to enable it to properly fulfil its duties under the NLFI Act and exercise its shareholder's rights unless the Company has an important reason not to supply such information. The Relationship Agreement contains a further description of the information that the Company shall provide to NLFI. The information rights of NLFI under the Relationship Agreement apply for as long as NLFI holds more than 33⅓% of the Shares. At the time NLFI holds 33⅓% or less of the Shares, the Company and NLFI has agreed to discuss in good faith and agree on any remaining rights of NLFI to obtain information in respect of the Company and the Group, taking into account the position of NLFI and the Dutch State.

NLFI may only use the information received under the Relationship Agreement to satisfy its obligations under relevant laws and regulations and its articles of association and to comply with any and all requests of the Dutch Minister of Finance.

The Dutch State

Once a year, the Dutch Minister of Finance may charge to the Group the share of the annual expenses of NLFI that relates to the Group for as long as NLFI holds 10% or more of the share capital in the Group, pursuant to the Decree on Cost of NLFI of 29 August 2011 (*Kostenbesluit*).

Executive Board and Supervisory Board

As of 31 December 2015, the total outstanding mortgage loans to members of the Executive Board amounted to €1,502,000. These mortgage loans have been issued based on current employee conditions. The normal employee conditions include limits and thresholds to the amounts that qualify for a personnel interest-rate discount. For mortgage loans greater than €340,000 arm's length conditions apply. Please also see "Management, Employees and Corporate Governance—Remuneration of Executive Board members in 2015" for a table summarising the outstanding mortgage loans to members of the Executive Board as of 31 December 2015.

Group entities may issue insurance contracts, business credits, loans or bank guarantees to members of the Executive Board and the Supervisory Board or to these persons' immediate family members. As of the date of this Prospectus, there were no outstanding insurance contracts, business credits, loans or bank guarantees, other than the ones included in the normal conduct of business.

THE OFFERING

Introduction

The Selling Shareholder, on behalf of the Dutch State, is offering up to 60,000,000 Offer Shares (including the Over-Allotment Shares).

The Offering consists of (i) a public offering in the Netherlands to institutional and retail investors and (ii) a private placement to certain institutional investors in various other jurisdictions. The Offer Shares are being offered: (i) within the US, to persons reasonably believed to be QIBs as defined in, and in reliance on, Rule 144A under the US Securities Act, or pursuant to another exemption from, or in a transaction not subject to, the registrations requirements of the US Securities Act, and applicable state and other securities laws of the US, and (ii) outside the US, where all offers and sales of the Offer Shares will be made in compliance with Regulation S. The Offering is made only in those jurisdictions in which, and only to those persons to whom, the Offering may be lawfully made.

The Selling Shareholder has granted the Joint Global Coordinators, on behalf of the Underwriters, the Over-Allotment Option, exercisable within 30 calendar days after the First Trading Date, pursuant to which the Joint Global Coordinators, on behalf of the Underwriters, may require the Selling Shareholder to sell to the Underwriters at the Offer Price up to 7,800,000 Over-Allotment Shares, comprising up to approximately 15% of the total number of Offer Shares sold in the Offering, to cover short positions resulting from any over-allotments made in connection with the Offering or stabilisation transactions, if any.

The Company will not receive any proceeds from the sale of the Offer Shares and the Over-Allotment Shares, if any, the net amount of which will be received by NLFI.

Timetable

Subject to acceleration or extension of the timetable for, or withdrawal of, the Offering, the timetable below sets forth certain expected key dates for the Offering.

Event	Expected Date
Start of Offering Period	31 May 2016, 9:00 CET
End of Offering Period for retail investors	8 June 2016, 17:30 CET
End of Offering Period for institutional investors	9 June 2016, 14:00 CET
Expected pricing and Allocation	9 June 2016
Commencement of trading on 'as-if-and-when-delivered' basis on Euronext in Amsterdam	10 June 2016, 9:00 CET
Settlement (payment and delivery)	14 June 2016

The Company, the Selling Shareholder and the Joint Global Coordinators may adjust the dates, times and periods given in the timetable and throughout this Prospectus. If any of them should decide to do so, the Company will make this public through a press release, which will also be posted on the Group's website. Any other material alterations will be published through a press release that will also be posted on the Group's website and in a supplement to this Prospectus (if required) that is subject to the approval of the AFM.

Any extension of the timetable for the Offering will be published in a press release at least three hours before the end of the original Offering Period, provided that any extension will be for a minimum of one full day. Any acceleration of the timetable for the Offering will be published in a press release at least three hours before the proposed end of the accelerated Offering Period. In any event, the Offering Period will be at least six business days.

Offering Period

Subject to acceleration or extension of the timetable for the Offering, prospective institutional investors may subscribe for Offer Shares during the period commencing at 9:00 CET on 31 May 2016 and ending at 14:00 CET on 9 June 2016 and prospective retail investors may subscribe for Offer Shares during the period commencing at 9:00 CET on 31 May 2016 and ending at 17:30 CET on 8 June 2016. In the event of an acceleration or extension of the Offering Period, pricing, allotment, admission and first trading of the

Offer Shares, as well as payment (in euro) for and delivery of the Offer Shares in the Offering may be advanced or extended accordingly.

If a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus which is capable of affecting the assessment of the Offer Shares arises or is noted before the Settlement Date, a supplement to this Prospectus will be published, the Offering Period may be extended and investors who have already agreed to purchase Offer Shares may withdraw their subscriptions within two business days following the publication of the supplement.

Offer Price and Number of Offer Shares

At the date of this Prospectus, the Offer Price is expected to be in the range of €18.00 to €22.00 (inclusive) per Offer Share. The Offer Price Range is indicative. The Offer Price may be set within, above or below the initial Offer Price Range. The Offer Price and the exact number of Offer Shares offered will be determined by the Selling Shareholder (after consultation with the Company and the Joint Global Coordinators, acting on behalf of the Underwriters, and subject to the approval from the Dutch Minister of Finance), after the end of the Offering Period, including any acceleration or extension, on the basis of the results of a bookbuilding process and taking into account economic market conditions, a qualitative and quantitative assessment of demand for the Offer Shares and other factors deemed appropriate. The Offer Price, the exact number of Offer Shares and the maximum number of Over-Allotment Shares will be stated in the Pricing Statement which will be published through a press release that will also be posted on the Company's website and filed with the AFM.

Prior to Allocation, the number of Offer Shares can be increased or decreased, and the Offer Price Range can be changed. Any increase of the top end of the Offer Price Range on the last day of the Offering Period, or the determination of an Offer Price above the Offer Price Range, will result in the Offering Period being extended by at least two business days; any increase of the top end of the Offer Price Range on the day prior to the last day of the Offering Period will result in the Offering Period being extended by at least one business day. In this case, if the Offering Period for Dutch Retail Investors (as defined below) would already have closed, this Offering Period for Dutch Retail Investors would be reopened. Accordingly, all investors, including Dutch Retail Investors, will have at least two business days to reconsider their subscriptions. Any such change in the number of Offer Shares and/or the Offer Price Range will be announced in a press release that will also be posted on the Company's website. Upon a change of the number of Offer Shares, references to Offer Shares in this Prospectus should be read as referring to the amended number of Offer Shares and references to Over-Allotment Shares should be read as referring to the amended number of Over-Allotment Shares.

Subscription and Allocation

Dutch Retail Investors can only subscribe on a market order (*bestens*) basis. This means that Dutch Retail Investors will be bound to purchase and pay for the Offer Shares indicated in their application, to the extent allocated to them, at the Offer Price, even if the Offer Price Range has been changed. Dutch Retail Investors are entitled to cancel or amend their application, at the financial intermediary where their original application was submitted, at any time prior to the end of the Offering Period for Dutch Retail Investors (if applicable, as amended or extended), for any reason, including an upward amendment of the Offer Price Range. Dutch Retail Investors can submit their subscriptions through their own financial intermediary. The financial intermediary will be responsible for collecting subscriptions from Dutch Retail Investors and for submitting their subscriptions to ABN AMRO Bank N.V. as the retail coordinator (the "**Retail Coordinator**"). The Retail Coordinator will consolidate all subscriptions of Dutch Retail Investors submitted on an aggregate basis by financial intermediaries and inform the Joint Global Coordinators, the Company and the Selling Shareholder. All questions concerning the timeliness, validity and form of instructions to a financial intermediary in relation to the purchase of Offer Shares will be determined by the financial intermediaries in accordance with their usual procedures or as otherwise notified to the Dutch Retail Investors. The Company and the Selling Shareholder are not liable for any action or failure to act by a financial intermediary in connection with any subscription purchase, or purported purchase, of Offer Shares.

For further information on the subscription and allocation process, Dutch Retail Investors can send an email to corporate.broking@nl.abnamro.com.

Allocation is expected to take place after the end of the Offering Period on or about 9 June 2016, subject to acceleration or extension of the timetable for the Offering. The parties to the Underwriting Agreement

have agreed that Allocation will be determined by the Dutch Minister of Finance, after consultation with the Selling Shareholder and the Company, following recommendations from the Joint Global Coordinators and in accordance with the allocation principles as decided on by the Dutch Minister of Finance, after consultation with the Selling Shareholder and the Company and the Joint Global Coordinators. Subject to the overall objectives of achieving an institutional investor base with an appropriate mix of institutional investors (including type, style and geographical location) and an orderly secondary market in the Shares, orders from institutional investors with the following characteristics, among other things, will be given key consideration in the allocation process: timeliness of submission of orders, price leadership, consistency of order size during the process and interest in the Company, and detail and quality of feedback including granular views on the valuation of the Company.

Allocation to investors who applied to subscribe for Offer Shares will be made on a systematic basis using both quantitative and qualitative measures of the above criteria. Nevertheless, the Selling Shareholder (subject to the approval from the Dutch Minister of Finance) reserves the right to exercise full discretion as to whether or not and how to allocate the Offer Shares. There is no maximum or minimum number of Offer Shares for which prospective investors may subscribe and multiple (applications for) subscriptions are permitted. In the event that the Offering is over-subscribed, investors may receive fewer Offer Shares than they applied for. The Selling Shareholder, the Company and the Joint Global Coordinators may, at their own discretion and without stating the grounds therefor, reject any subscriptions wholly or partly, even if any or all of the above-mentioned criteria are met. Any monies received in respect of subscriptions which are not accepted in whole or in part will be returned to the investors without interest and at the investors' risk. The Joint Global Coordinators will notify institutional investors of any allocation of Offer Shares to them.

It is intended that Dutch Retail Investors will benefit from preferential allocation, for up to 10% of the Offer Shares, assuming full exercise of the Over-Allotment Option. See "—Preferential Retail Allocation". Apart from the Preferential Retail Allocation, the Selling Shareholder, after consultation with the Company, retains full flexibility to change the intended allocation.

Investors participating in the Offering will be deemed to have checked whether and to have confirmed they meet the requirements of the selling and transfer restrictions in "Selling and Transfer Restrictions". If in doubt, investors should consult their professional advisers.

The Joint Global Coordinators will communicate to institutional investors the number of Offer Shares allocated to them on the date that follows the date of Allocation.

Preferential Retail Allocation

There will be a Preferential Retail Allocation of Offer Shares to Dutch Retail Investors in accordance with applicable law and regulations. Each Dutch Retail Investor will, in principle, be allocated the first 225 Offer Shares (or fewer) for which such investor applies. However, if the total number of Offer Shares subscribed for by Dutch Retail Investors under the Preferential Retail Allocation would exceed 10% of the total number of the Offer Shares, assuming full exercise of the Over-Allotment Option, the preferential allocation to each Dutch Retail Investor may be reduced *pro rata* in respect of the first 225 Offer Shares (or fewer) for which such investor applies. As a result, Dutch Retail Investors may not be allocated all of the first 225 Offer Shares (or fewer) for which they apply. The exact number of Offer Shares allocated to Dutch Retail Investors will be determined after the Offering Period has ended.

The Preferential Retail Allocation will only be made in relation to Offer Shares comprising up to 10% of the total number of Offer Shares, including the Over-Allotment Shares. The Selling Shareholder, after consultation with the Company and following recommendations of the Joint Global Coordinators, has full discretion as to whether or not and how to allocate the remainder of the Offer Shares applied for (i.e. the number of Offer Shares subscribed for exceeding 225 Offer Shares), including in aggregate allocating Offer Shares to Dutch Retail Investors in excess of 10% of the total number of the Offer Shares, assuming full exercise of the Over-Allotment Option.

For the purpose of the Preferential Retail Allocation, a Dutch Retail Investor is either: (i) a natural person resident in the Netherlands; or (ii) a special investment vehicle having its seat in the Netherlands which is a legal entity established for the express and sole purpose of providing asset management and/or retirement planning services for a natural person.

To be eligible for the Preferential Retail Allocation, Dutch Retail Investors must place their subscriptions during the period commencing on 31 May 2016 at 9:00 CET and ending on 8 June 2016 at 17:30 CET

through financial intermediaries. Different financial intermediaries may apply deadlines before the closing time of the Offering Period.

The Retail Coordinator will communicate to the financial intermediaries the aggregate number of Offer Shares allocated to their respective Dutch Retail Investors. It is up to the financial intermediaries to notify Dutch Retail Investors of their individual allocations. Although the financial intermediaries will be instructed to adhere to the subscription and allocation principles described in this Prospectus, the Retail Coordinator, the other Underwriters, the Selling Shareholder and the Company cannot control and are accordingly not responsible for adherence thereto by individual financial intermediaries. The definitive allocation to Dutch Retail Investors may therefore vary depending on the financial intermediary through which they apply for Offer Shares.

Payment

Payment (in euro) for the Offer Shares is expected to take place on the Settlement Date. Taxes and expenses, if any, must be borne by the investor (for more information see "Taxation"). Investors must pay the Offer Price in immediately available funds in full in euro on or before the Settlement Date (or earlier in the case of an early closing of the Offering Period and consequent acceleration of pricing, Allocation, commencement of trading and Settlement).

Delivery, Clearing and Settlement

The Offer Shares will be delivered in book-entry form through the facilities of Euroclear Nederland. Application has been made for the Offer Shares and Over-Allotment Shares to be accepted for clearance through the book-entry facilities of Euroclear Nederland. Euroclear Nederland has its offices at Herengracht 459-469, 1017 BS Amsterdam, the Netherlands.

Delivery of the Offer Shares will take place on the Settlement Date, which is expected to take place on or about 14 June 2016, through the book-entry facilities of Euroclear Nederland, in accordance with their normal settlement procedures applicable to equity securities and against payment (in euro) for the Offer Shares in immediately available funds.

Prior to the Offering, there has been no public market for the Shares. Application has been made to list and admit all the Shares to trading on Euronext in Amsterdam under the symbol "ASRNL" with ISIN code NL0011872643 and common code 141783629. Subject to acceleration or extension of the timetable for the Offering, trading on an 'as-if-and-when-delivered' basis in the Offer Shares is expected to commence on or about 10 June 2016. Trading on an 'as-if-and-when-delivered' basis means that the trading is made on a conditional basis because the Offer Shares will have been issued, but will not yet have been delivered.

Settlement is expected to take place, on the Settlement Date on or about 14 June 2016. The closing of the Offering may not take place on the Settlement Date or at all if certain conditions or events referred to in the Underwriting Agreement entered into by the Company, the Selling Shareholder and the Underwriters on 30 May 2016 are not satisfied or waived or occur on or prior to such date. Such conditions include, among others, (i) the Selling Shareholder, after consultation with the Company and the Joint Global Coordinators (acting on behalf of the Underwriters) and subject to the approval from the Dutch Minister of Finance, agreeing on the Offer Price and the exact number of Offer Shares, and the entering into of a pricing agreement between the Company, the Selling Shareholder and the Joint Global Coordinators (on behalf of the Underwriters) (the "**Pricing Agreement**"), (ii) the receipt of customary documentation and the satisfaction of customary conditions, (iii) confirmation that the Shares will be admitted to listing and trading on Euronext in Amsterdam, and (iv) the Share Lending Agreement (as defined in "Plan of Distribution") having been entered into on or before the date of the Pricing Agreement which is expected to be entered into on 9 June 2016. See also "Plan of Distribution".

If Settlement does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all subscriptions for Offer Shares will be disregarded, any allocations made will be deemed not to have been made and any subscription payments made will be returned without interest or other compensation. Any dealings in Shares prior to Settlement are at the sole risk of the parties concerned. Neither the Company, the Selling Shareholder, the Underwriters, the Listing and Paying Agent, the Financial Advisers nor Euronext Amsterdam accept any responsibility or liability for any loss incurred by any person as a result of a withdrawal of the Offering or the related annulment of any transactions in Offer Shares on Euronext in Amsterdam.

Ranking and Dividends

The Offer Shares rank equally in all respects. The Offer Shares carry dividend rights. See "Dividend Policy".

No participation of Executive Board members and Supervisory Board members in the Offering

The members of the Executive Board and the Supervisory Board of the Company (and persons closely associated with the members of the Executive Board and the Supervisory Board) will not subscribe to the Offer Shares, because they wish to avoid any semblance of a potential conflict of interest. Any purchase by members of the Executive Board and the Supervisory Board (and persons closely associated with them) after the listing of the Shares would be subject to the rules that the Company has adopted governing the holding and carrying out of transactions in Shares and other financial instruments of the Group by members of the Executive Board and the Supervisory Board and notification requirements in accordance with the Dutch Financial Supervision Act. See "Description of Share Capital—Disclosure of Holdings—Management Disclosure and Reporting Obligations" and "Description of Share Capital—Market Abuse Regime".

Listing and Paying Agent

ABN AMRO Bank N.V. is the Listing and Paying Agent with respect to the Shares on Euronext in Amsterdam.

Retail Coordinator

ABN AMRO Bank N.V. is the Retail Coordinator with respect to the Preferential Retail Allocation.

Stabilisation Agent

Deutsche Bank AG, London Branch is the stabilisation agent (the "**Stabilisation Agent**") with respect to the Shares on Euronext in Amsterdam.

PLAN OF DISTRIBUTION

ABN AMRO Bank N.V., Citigroup Global Markets Limited and Deutsche Bank AG are the Joint Global Coordinators for the Offering.

Underwriting Agreement

After the entering into of the Pricing Agreement, which is a condition for the obligations of the Underwriters under the Underwriting Agreement, and on the terms of and subject to the other conditions set forth in the Underwriting Agreement, each of the Underwriters has severally (and not jointly or jointly and severally) agreed to purchase or cause one of its affiliates to purchase at the Offer Price the proportion of Offer Shares set out below and resell such Offer Shares to purchasers procured by the Underwriters. See also "—Underwriting Agreement—Representations and Warranties, Indemnities, Conditions and Termination".

Underwriters

Underwriting Commitment of Offer Shares

	Underwriting Commitment of Offer Shares
ABN AMRO Bank N.V.	19.05%
Citigroup Global Markets Limited	19.05%
Deutsche Bank AG, London Branch	19.05%
Barclays Bank PLC	9.52%
Coöperatieve Rabobank U.A. (Rabobank)	9.52%
HSBC Bank plc	9.52%
ING Bank N.V.	9.52%
Joh. Berenberg, Gossler & Co. KG	4.77%
	100%

In consideration of the agreement by the Underwriters to purchase the Offer Shares at the Offer Price and subject to the Offer Shares being sold as provided for in the Underwriting Agreement, the Selling Shareholder has agreed to pay the Underwriters an aggregate commission of €2,450,000. The Selling Shareholder may in its sole and absolute discretion also decide to award to some or all of the Joint Global Coordinators and the other Underwriters a discretionary commission in aggregate at a level to be determined by the Selling Shareholder of up to €2,050,000. The Selling Shareholder has also agreed to reimburse the Underwriters for documented costs and expenses relating to pre-deal investor education incurred by them in relation to the Offering, subject to a cap.

Offers and sales of Offer Shares in the United States will be made by the Underwriters, their affiliates or agents, who are registered US broker-dealers, pursuant to applicable US securities laws.

Underwriting Agreement—Representations and Warranties, Indemnities, Conditions and Termination

In the Underwriting Agreement, the Company and the Selling Shareholder make certain representations and warranties. In addition, the Company has agreed to indemnify the Underwriters against certain liabilities in connection with the Offering.

The obligations of the Underwriters under the Underwriting Agreement are subject to the fulfilment, or discretionary waiver by the Underwriters of a number of conditions for the benefit of the Underwriters, including but not limited to (i) the absence of any material adverse change in the Group's business, (ii) receipt of opinions on certain legal matters from legal counsels of the Company and the Underwriters, (iii) the execution of documents relating to the Offering and such documents being in full force and effect, (iv) the entering into the Pricing Agreement between the Company, the Selling Shareholder and the Joint Global Coordinators (on behalf of the Underwriters), and thereby the determination of the Offer Price and the exact number of Offer Shares (i.e. underwriting of Settlement risk only), (v) the admission of the Shares to listing and trading on Euronext in Amsterdam, and (vi) certain other customary closing conditions. The Underwriters have the right to waive the satisfaction of any such conditions or part thereof.

Upon the occurrence of certain events, such as any of the conditions precedent not being satisfied or waived or any of the events referred to in "The Offering—Delivery, Clearing and Settlement" occurring, the Underwriters have the right to terminate the Underwriting Agreement. See "The Offering—Delivery, Clearing and Settlement" for the consequences of such termination.

Potential Conflicts of Interests

The Underwriters and the Financial Advisers are acting exclusively for the Selling Shareholder and/or the Company and for no one else and will not regard any other person (whether or not a recipient of this Prospectus) as their respective clients in relation to the Offering and will not be responsible to anyone other than to the Selling Shareholder and/or the Company for providing the protections afforded to clients, giving advice in relation to the Offering and for the listing and trading of the Shares and/or any other transaction or arrangement referred to in this Prospectus.

The Underwriters and the Financial Advisers (and/or their respective affiliates) have from time to time been engaged, and may in the future engage, in commercial banking, investment banking and financial advisory and ancillary transactions in the ordinary course of their business with the Group (or any parties related to the Group) for which they have received or may receive customary compensation, fees and/or commission. The Underwriters and their respective affiliates may provide such services for the Group and its Group Companies in the future. These services may include, without limitation, issuing or creating and trading in the Group's securities and financial products, acting with Group Companies in debt or equity syndicates, providing investment banking, corporate banking or lending services with and to the Group, credit and rate flows with Group Companies, securities financing set-ups, acting as domestic payments provider for Group Companies, holding cash management accounts for Group Companies, providing treasury services, such as repo, securities finance and portfolio management for liquidity management purposes and providing trading services such as credits, rates and foreign exchange, commercial paper and certificate of deposit services and fixed income and treasury sales. Additionally, Underwriters and the Group may get involved in the same actual or threatened litigation. Additionally, the Underwriters and the Financial Advisers and/or their affiliates, in the ordinary course of their business, hold, have held and/or may in the future hold a broad array of investments and actively trade the Group's debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, including securities in relation to which Underwriters may be exercising voting power over the Group's securities on behalf of third parties. The Underwriters and the Financial Advisers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of securities and/or financial instruments of the Company, its affiliates and/or affiliates of the Selling Shareholder and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In respect of the above, the sharing of information is generally restricted for reasons of confidentiality, by internal procedures or by applicable rules and regulations (including those issued by the AFM). As a result of these transactions, these parties may have interests that may not be aligned, or could potentially conflict, with the interests of holders of Shares, or with the interests of the Group.

In connection with the Offering, each of the Underwriters and any of their respective affiliates, acting as an investor for its own account, may take up Offer Shares in the Offering and in that capacity may retain, purchase or sell for its own account such securities and any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Underwriters or any of their respective affiliates acting in such capacity. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Joint Global Coordinators (or their affiliates) may from time to time acquire, hold or dispose of Shares. None of the Underwriters intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

As a result of acting in the capacities described above, the Underwriters may have interests that may not be aligned, or could potentially conflict, with investors' and the Group's interests.

Lock-up Arrangements

Company Lock-up

In connection with the Offering, the Company has agreed that, for a period from the date of the Underwriting Agreement until 180 days after the Settlement Date, it will not, except as set forth below, without the prior written consent of the Joint Global Coordinators (acting on behalf of the Underwriters), which prior consent shall not be unreasonably withheld, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares in the capital of the Company or any securities convertible into or exercisable or exchangeable for shares in the capital of the Company (including Shares) or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of shares in the capital of the Company or Shares, whether any such transaction described in paragraph (i) or (ii) above is to be settled by delivery of shares, Shares or such other securities, in cash or otherwise.

The foregoing sentence shall not apply: (i) to any issuance for the purpose of acquiring any company or undertaking; (ii) to any issuance or conversion before the Settlement Date to effect the share capital reorganisation as disclosed in this Prospectus; (iii) if the Group or a subsidiary is required by a Competent Authority to recapitalise on the basis of *inter alia* Directive 2009/138/EC, Directive 2014/51/EU, Directive 2013/36/EU, Regulation (EU) No 575/2013, Directive 2014/59/EU, Regulation (EU) 806/2014, lower regulations to each directive and regulation, if applicable as implemented in Dutch law, and the Dutch law Act on Financial Supervision and lower regulations thereto or is required to take necessary measures to address breaches of requirements of Directive 2009/138/EC, Directive 2014/51/EU, Directive 2013/36/EU, Regulation (EU) No 575/2013 or the Dutch law Act on Financial Supervision and lower regulations to each or to address evidence that the Group or a subsidiary is likely to breach any requirements of Directive 2009/138/EC, Directive 2014/51/EU, Directive 2013/36/EU, Regulation (EU) No 575/2013 Directive 2009/138/EC, Directive 2014/51/EU, Directive 2013/36/EU, Regulation (EU) No 575/2013 or the Dutch law Act on Financial Supervision and lower regulations to each; and (iv) if the Company is required to take capital raising measures in order for state aid to be declared compatible on the basis of Article 107 (3) of the Treaty on the Functioning of the European Union.

Selling Shareholder Lock-up

In connection with the Offering, the Selling Shareholder has agreed that, for a period from the date of the Underwriting Agreement until 180 days after the Settlement Date, it will not, except as set forth below, without the prior written consent of the Joint Global Coordinators (acting on behalf of the Underwriters), which prior consent shall not be unreasonably withheld, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, cause the Company to issue, or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise.

The foregoing sentence shall not apply to: (i) the sale of Offer Shares under the Underwriting Agreement; (ii) the lending of Shares under the Share Lending Agreement (as defined below); (iii) the transfer of Shares by the Selling Shareholder to an affiliate or the Dutch State, provided the transferee provides undertakings to the Joint Global Coordinators equivalent to those described above; (iv) the sale, transfer or other disposal of Shares in the capital of the Company by way of acceptance of a public takeover offer, merger or similar business combination with a third party in respect of all of the issued Shares or by way of acceptance of a partial public takeover as permitted by Dutch law; and (v) the sale or disposal of Shares where required by law or Competent Authority.

Over-Allotment and Stabilisation

In connection with the Offering, Deutsche Bank AG, London Branch, as Stabilisation Agent, or any of its agents, on behalf of the Underwriters may (but will be under no obligation to), to the extent permitted by applicable law, over- allot Shares or effect other transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilisation Agent is not required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange (including Euronext Amsterdam) or otherwise

and may be undertaken at any time starting on the First Trading Date and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilisation Agent or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice. Save as required by law or regulation, neither the Stabilisation Agent nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions under the Offering. The Stabilisation Agent may, for stabilisation purposes, over-allot Shares up to a maximum of approximately 15% of the total number of Offer Shares sold in the Offering.

In connection with the Over-Allotment Option, up to a maximum of approximately 15% of the total number of Offer Shares will be made available by the Selling Shareholder through a securities loan to be entered into on or around the date of the Pricing Agreement (the "**Share Lending Agreement**") to the Stabilisation Agent.

None of the Company, the Selling Shareholder, any of the Underwriters or the Financial Advisers makes any representation or prediction as to the direction or the magnitude of any effect that the transactions described above may have on the price of the Shares or any other securities of the Company. In addition, none of the Company, the Selling Shareholder, any of the Underwriters or the Financial Advisers makes any representation that the Stabilisation Agent will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

SELLING AND TRANSFER RESTRICTIONS

Notice to Investors

The offering of the Offer Shares to persons resident in, or who are citizens of, a particular jurisdiction may be affected by the laws of that jurisdiction. Investors should consult their professional adviser as to whether they require any governmental or any other consent or need to observe any other formalities to enable the investor to accept, sell or purchase Offer Shares.

No action has been or will be taken to permit a public offering of the Offer Shares in any jurisdiction outside the Netherlands. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus will be sent for informational purposes only and should not be copied or redistributed.

If an investor receives a copy of this Prospectus in any territory other than the Netherlands, the investor may not treat this Prospectus as constituting an invitation or offer to the investor of the Offer Shares, unless, in the relevant jurisdiction, such an offer could lawfully be made to the investor, or the Offer Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if the investor receives a copy of this Prospectus or any other offering materials or advertisements, the investor should not distribute the same to any person in or into any jurisdiction where to do so would or may contravene local securities laws or regulations.

If an investor forwards this Prospectus or any other offering materials or advertisements into any such territories (whether under a contractual or legal obligation or otherwise) the investor should draw the recipient's attention to the contents of this "Selling and Transfer Restrictions" section.

Persons into whose hands this Prospectus comes are required by the Company, the Selling Shareholder, the Underwriters and the Financial Advisers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Offer Shares or have in their possession or distribute this Prospectus, in all cases at their own expense. Neither the Company, the Selling Shareholder, the Underwriters nor the Financial Advisers accept any legal responsibility for any violation by any person, whether or not a prospective purchaser of any of the Offer Shares, of any such restrictions.

The information set out in this "Selling and Transfer Restrictions" section is intended as a general guideline only. Investors that are in any doubt as to whether they are eligible to purchase Offer Shares should consult their professional adviser without delay.

United States

This Prospectus is not a public offering (within the meaning of the US Securities Act) of securities in the United States. The Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state of the US for offer or sale as part of their distribution and may not be offered or sold within the US unless the Shares are registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available. In the US the Offer Shares will be sold only to persons reasonably believed to be QIBs as defined in, and in reliance on, Rule 144A under the US Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirement under the US Securities Act and applicable state securities laws. All offers and sales of the Offer Shares outside the US will be made in compliance with Regulation S under the US Securities Act and in accordance with applicable law.

In addition, until the end of the 40th calendar day after commencement of the Offering, an offering or sale of Shares within the US by a dealer (whether or not participating in the Offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the US Securities Act.

The offering of the Offer Shares is being made in the United States through US broker-dealer affiliates of the Underwriters.

Notice to Rule 144A investors

Each purchaser of the Shares within the US will be deemed to have represented and agreed that:

(i) the purchaser is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;

(ii) the purchaser understands and acknowledges that the Offer Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state of the US, that sellers of the Offer Shares may be relying on the exemption from the registration requirements of Section 5 of the US Securities Act provided by Rule 144A thereunder and that the Offer Shares may not be offered, sold, pledged or otherwise transferred, directly or indirectly, other than in accordance with paragraph (F) below;

(iii) such purchaser (a) is, and the time of its purchase of any Offer Shares will be, a QIB, and (b) is acquiring the Offer Shares for its own account or for the accounts of one or more QIBs for which it is acting as duly authorised fiduciary or agent with sole investment discretion with respect to each such account and with full authority to make the acknowledgments, representations and agreements herein with respect to each such account (in which case it hereby makes such acknowledgements, representations and agreements on behalf of such QIBs as well), in each case for investment and not with a view to any resale or distribution of any such shares;

(iv) the purchaser understands and agrees that the Offer Shares are being offered in the United States only to QIBs in a transaction not involving any public offering in the United States within the meaning of the US Securities Act or which are exempt from the registration requirements of the US Securities Act;

(v) the Shares are "restricted securities" within the meaning of Rule 144(a)(3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Shares;

(vi) if, in the future, such purchaser or any such other QIB for which it is acting, as described in paragraph (ix), or any other fiduciary or agent representing such investor decides to offer, resell, deliver, hypothecate, pledge or otherwise transfer such Offer Shares, such Offer Shares may be offered, sold, delivered, hypothecated, pledged or otherwise transferred only (a) pursuant to an effective registration statement under the US Securities Act, (b) to a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the US in an "offshore transaction" pursuant to Rule 903 or Rule 904 of Regulation S (and not in a pre-arranged transaction resulting in the resale of such Shares into the US), or (d) in accordance with Rule 144 under the US Securities Act, and, in each case, in accordance with all applicable securities laws of the US or any other jurisdiction;

(vii) the purchaser understands that for so long as the Offer Shares are "restricted securities" within the meaning of the US federal securities laws, no such shares may be deposited into any American depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, and that such shares will not settle or trade through the facilities of the Depositary Trust Company or any other US clearing system;

(viii) the purchaser has received a copy of this Prospectus and has had access to such financial and other information concerning the Company as it deems necessary in connection with making its own investment decisions to purchase shares. The purchaser acknowledges that none of the Company, the Joint Global Coordinators, Joint Bookrunners and the Financial Advisers or any of their respective representatives has made any representations to it with respect to the Company or the allocation, offering or sale of any shares other than as set forth in this Prospectus, which has been delivered to it and upon which it is solely relying in making its investment decision with respect to the Offer Shares. The purchaser also acknowledges that it has made its own assessment regarding the US federal tax consequences of any investment in the Offer Shares. The purchaser has held and will hold any offering materials, including this Prospectus, it receives directly or indirectly from the Company in confidence, and it understands that any such information received by it is solely for it and not to be redistributed or duplicated by it;

(ix) the purchaser understands that these representations and undertakings are required in connection with the securities laws of the United States and that the Company, the Joint Global Coordinators, the Joint Bookrunners, the Financial Advisers and their affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. The purchaser irrevocably authorises the Company, the Joint Global Coordinators, Joint Bookrunners and the Financial Advisers to produce this Prospectus to any interested party in

any administrative or legal proceedings or official inquiry with respect to the matters covered herein;

(x) the purchaser undertakes promptly to notify the Company, the Joint Global Coordinators and the Joint Bookrunners if, at any time prior to the purchase of the Offer Shares, any of the foregoing ceases to be true;

(xi) the Company shall not recognise any offer, sale, pledge, delivery, hypothecation or other transfer of the Shares made other than in compliance with the above-stated restrictions; and

(xii) the purchaser acknowledges that the Company, the Joint Global Coordinators, the Joint Bookrunners, the Financial Advisers and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Notice to Regulation S investors

Each purchaser of the Offer Shares pursuant to Regulation S will be deemed to have represented and agreed that it has received a copy of the Prospectus and such other information as it deems necessary to make an informed investment decision and that:

(i) the purchaser is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;

(ii) the Offer Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state of the United States, and subject to certain exceptions, may not be offered or sold within the United States;

(iii) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares, was located outside the United States at the time the buy order for the Offer Shares was originated and continues to be located outside the United States and has not purchased the Offer Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Offer Shares or any economic interest therein to any person in the United States;

(iv) the purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate;

(v) the Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S;

(vi) the purchaser is aware of the restrictions on the offer and sale of the Shares pursuant to Regulation S described in this Prospectus;

(vii) the Company shall not recognise any offer, sale, pledge, delivery, hypothecation or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions;

(viii) if it is acquiring any of the Offer Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of such account; and

(ix) the purchaser acknowledges that the Company, the Joint Global Coordinators, the Joint Bookrunners, the Financial Advisers and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

European Economic Area

In relation to each Member State of the EEA which has implemented the Prospectus Directive (defined below) other than the Netherlands (each a "**Relevant Member State**"), no Offer Shares have been offered or will be offered pursuant to the Offering to the public in that Relevant Member State except that the Offer Shares may be offered to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive if they have been implemented in that Relevant Member State:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) per Relevant Member State, subject to obtaining the prior consent of the Joint Global Coordinators; or

- in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of Offer Shares shall require the Company or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or in a requirement for the Company, the Selling Shareholder or any Underwriter to take other actions as required by applicable law.

For the purposes of this provision, the expression an "**offer to the public**" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and any Offer Shares to be offered so as to enable an investor to decide to purchase any Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in each Relevant Member State.

Australia

This Prospectus:

- does not constitute a prospectus or other disclosure document (under Chapter 6D.2 of the Corporations Act 2001 of Australia (the "**Corporations Act**"));
- has not been and will not be, lodged with, or registered by, the Australian Securities and Investments Commission ("**ASIC**"), as a prospectus or a disclosure document for the purposes of the Corporations Act and does not purport to include the information required for a prospectus or other disclosure document under Chapter 6D.2 of the Corporations Act; and
- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors, or exempt investors, available under section 708 of the Corporations Act.

The Offer Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the Offer Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Offer Shares may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Offer Shares, you represent and warrant to us that you are an Exempt Investor.

As any offer of Offer Shares under this Prospectus will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the Offer Shares you undertake to us that you will not, for a period of 12 months from the date of issue of the Offer Shares, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Canada

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Offering.

Hong Kong

The Offer Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and no advertisement, invitation or document relating to the Offer Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong), other than with respect to Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance has been or will be issued, whether in Hong Kong or elsewhere.

Japan

The Offer Shares have not been and will not be registered under the Financial Instruments and Exchange Law, as amended (the "**FIEL**"). This Prospectus is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

Switzerland

The Offer Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Prospectus does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of, the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Offer Shares or the Offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the Offering, the Company, the Offer Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of Offer Shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**"), and the offer of Offer Shares has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Offer Shares.

Singapore

This prospectus has not been registered with the Monetary Authority of Singapore. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory authorities of, Singapore, and no action has been or will be taken to lodge and/or register this prospectus in Singapore for the purposes of permitting a public offering of the Offer Shares and the public distribution of this prospectus in Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Offer Shares may not be circulated or distributed, nor may Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor specified in Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (b) to a relevant person, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any applicable provision of the SFA.

The Offer Shares are subscribed or purchased under Section 275 by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

(iii) the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust will not be transferred within 6 months after that corporation or that trust has acquired the Offer Shares pursuant to an offer made under Section 275 except:

(a) to an institutional investor (for corporations under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

(b) where no consideration is or will be given for the transfer; or

(c) where the transfer is by operation of law.

Bahrain

The Offer Shares have not been offered or sold, and will not be offered or sold to any person in the Kingdom of Bahrain except on a private placement basis to persons who are "accredited investors". For this purpose, an "accredited investor" means:

(i) an individual holding financial assets (either singly or jointly with a spouse) of USD 1,000,000 or more;

(ii) a group, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than USD 1,000,000; or

(iii) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Dubai International Financial Centre (DIFC)

This prospectus relates to an Exempt Offer in accordance with the Markets Rules 2012 of the DFSA. This prospectus is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The Offer Shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Offer Shares offered should conduct their own due diligence on the Offer Shares. If you do not understand the contents of this prospectus you should consult an authorised financial advisor.

In relation to its use in the DIFC, this Prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

Kingdom of Saudi Arabia

This Prospectus may not be distributed in the Kingdom of Saudi Arabia ("**KSA**"), except to such persons as are permitted under the Saudi Regulations issued by the Capital Market Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008 ("**CMA**").

The CMA does not make any representation as to the accuracy or completeness of this Prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus. Prospective investors of the Offer Shares should conduct their own due diligence on the accuracy of the information relating to the Offer Shares If a prospective purchaser does not understand the contents of this Prospectus, he or she should consult an authorised financial adviser.

The Offer Shares must not be advertised, offered or sold and no memorandum, information circular, brochure or any similar document has or will be distributed, directly or indirectly, to any person in the KSA other than to Sophisticated Investors within the meaning of Article 10 of the Saudi Regulations. The offer of Securities in the KSA shall not, therefore, constitute a "public offer" pursuant to the Saudi Regulations. Prospective investors are informed that Article 17 of the Saudi Regulations places restrictions on secondary market activity with respect to the Offer Shares.

Kuwait

The Offer Shares have not been licensed for offering in Kuwait by the Ministry of Commerce and Industry or the Central Bank of Kuwait or any other relevant Kuwaiti government agency. Therefore the Offer Shares have not been and will not be offered, sold, promoted or advertised in Kuwait except on the basis that an offer is made in compliance with Decree Law No. 31 of 1990 and the implementing regulations thereto, as amended, and Law No. 7 of 2010 and the bylaws thereto, as amended governing the issue, offering and sale of securities. No private or public offering of the Offer Shares is being made in Kuwait, and no agreement relating to the sale of the Offer Shares will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Offer Shares in Kuwait.

Oman

This Prospectus does not constitute a public offer of securities in the Sultanate of Oman, as contemplated by the Commercial Companies Law of Oman (Royal Decree No. 4/1974) or the Capital Market Law of Oman (Royal Decree No. 80/1998) and Ministerial Decision No.1/2009 ("**Capital Markets Law**") or an offer to sell or the solicitation of any offer to buy non-Omani securities in the Sultanate of Oman as contemplated by Article 139 of the Executive Regulations of the Capital Markets Law.

This Prospectus is strictly private and confidential. It is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to enter into commitments to invest in the Offer Shares outside of the Sultanate of Oman, upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient.

Additionally, this Prospectus is not intended to lead to the making of any contract within the territory or under the laws of the Sultanate of Oman. The Capital Market Authority and the Central Bank of Oman take no responsibility for the accuracy of the statements and information contained in this Prospectus nor shall they have any liability to any person for damage or loss resulting from reliance on any statement or information contained herein.

Qatar

The Offer Shares have not been offered or sold, and will not be offered or sold or delivered, directly or indirectly, in the State of Qatar including the Qatar Financial Centre, other than on the basis that an offer is made:

(i) in compliance with all applicable laws and regulations of the State of Qatar including the Qatar Financial Centre; and

(ii) through persons or corporate entities authorised and licenced to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

United Arab Emirates (excluding the Dubai International Financial Centre)

This Prospectus has not been approved by or filed with the UAE Central Bank, the SCA or any other authorities in the UAE, nor have the Underwriters received authorisation or licensing from the UAE Central Bank, SCA or any other authorities in the UAE to market or sell the Offer Shares within the UAE. No marketing of any financial products or services has been or will be made from within the UAE other

than in compliance with the laws of the UAE and no subscription to Offer Shares may or will be consummated within the UAE. It should not be assumed that any of the Underwriters is a licensed broker, dealer or investment advisor under the laws applicable in the UAE, or that any of them advise individuals resident in the UAE as to the appropriateness of investing in or purchasing or selling securities or other financial products. The Offer Shares may not be offered or sold directly or indirectly to the public in the UAE. This does not constitute a public offer of securities in the UAE in accordance with the Companies Law or otherwise.

TAXATION

Certain Dutch Tax Considerations

General

The following is a general summary of certain material Dutch tax considerations of the acquiring, holding and selling of the Offer Shares. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to all categories of investors, some of which may be subject to special treatment under applicable law (such as trusts or other similar arrangements) and, in view of its general nature, it should be treated with corresponding caution. Holders or prospective holders of Offer Shares should consult with their tax advisers with regard to the tax consequences of investing in the Offer Shares in their particular circumstances. The discussion below is included for general information purposes only.

Please note that this summary does not describe the tax considerations for:

- a holder of Offer Shares if such holder, and in the case of an individual, his/her partner or certain of his/her relatives by blood or marriage in the direct line (including foster children), has a substantial interest or deemed substantial interest in the Company under the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of an individual, together with his/her partner (a statutorily defined term), directly or indirectly, holds (i) an interest of 5% or more of the total issued and outstanding share capital of that company or of 5% or more of the issued and outstanding share capital of a certain class of shares of that company; or (ii) rights to acquire, directly or indirectly, such interest; or (iii) certain profit-sharing rights in that company that relate to 5% or more of the company's annual profits and/or to 5% or more of the company's liquidation proceeds. A deemed substantial interest may arise if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;
- a holder of Offer Shares that qualify or qualified as a participation for purposes of the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*). Generally, a taxpayer's shareholding of 5% or more in a company's nominal paid-in share capital qualifies as a participation. A holder may also have a participation if such holder does not have a 5% shareholding but a related entity (a statutorily defined term) has a participation or if the company in which the shares are held is a related entity;
- a holder of Offer Shares who is an individual for whom the Offer Shares or any benefit derived from the Offer Shares are a remuneration or deemed to be a remuneration for employment activities performed by such holder or certain individuals related to (a statutorily defined term) such holder; and
- pension funds, investment institutions (*fiscale beleggingsinstellingen*), exempt investment institutions (*vrijgestelde beleggingsinstellingen*) and other entities that are, in whole or in part, not subject to or exempt from corporate income tax in the Netherlands, as well as entities that are exempt from corporate income tax in their country of residence, such country of residence being another Member State of the European Union, Norway, Liechtenstein, Iceland or any other state with which the Netherlands has agreed to exchange information in line with international standards.

Except as otherwise indicated, this summary only addresses Dutch national tax legislation and published regulations, whereby "Dutch" or "the Netherlands" refer only to the part of the Kingdom of the Netherlands located in Europe, as in effect on the date hereof and as interpreted in published case law until this date, without prejudice to any amendment introduced (or to become effective) at a later date and/or implemented with or without retroactive effect.

Withholding Tax

Dividends distributed by the Company generally are subject to Dutch dividend withholding tax at a rate of 15%. The expression "dividends distributed" includes, among other things:

- distributions in cash or in kind, deemed and constructive distributions and repayments of paid-in capital not recognised for Dutch dividend withholding tax purposes;
- liquidation proceeds, proceeds of redemption of Offer Shares, or proceeds of the repurchase of Offer Shares by the Company or one of the Company's subsidiaries or other affiliated entities to the extent such proceeds exceed the average paid-in capital of those Offer Shares as recognised for purposes of Dutch dividend withholding tax, unless, in case of a repurchase, a particular statutory exemption applies;

- an amount equal to the par value of Offer Shares issued or an increase of the par value of Offer Shares, to the extent that it does not appear that a contribution, recognised for purposes of Dutch dividend withholding tax, has been made or will be made; and
- partial repayment of the paid-in capital, recognised for purposes of Dutch dividend withholding tax, if and to the extent that the Company has net profits (*zuivere winst*), unless the holders of Offer Shares have resolved in advance at a general meeting to make such repayment and the par value of the Offer Shares concerned has been reduced by an equal amount by way of an amendment of the Company's Articles of Association.

If a holder of Offer Shares is resident in a country other than the Netherlands and if a double taxation convention is in effect between the Netherlands and such other country, such holder of Offer Shares may, depending on the terms of that double taxation convention, be eligible for a full or partial exemption from, or refund of, Dutch dividend withholding tax.

Individuals and corporate legal entities who are resident or deemed to be resident in the Netherlands for Dutch tax purposes ("**Dutch Resident Individuals**" and "**Dutch Resident Entities**", as the case may be), can generally credit the Dutch dividend withholding tax against their income tax or corporate income tax liability, respectively. The same generally applies to a holder of Offer Shares that is neither resident nor deemed to be resident of the Netherlands if the Offer Shares are attributable to a Dutch permanent establishment of such non-resident holder of Offer Shares.

In general, the Company will be required to remit all amounts withheld as Dutch dividend withholding tax to the Dutch tax authorities. However, under certain circumstances, if the Company has itself received dividends from certain qualifying non-Dutch subsidiaries, which dividends are exempt from Dutch corporate income tax at the level of the Company and which dividends were subject to a withholding tax of at least 5% upon distribution to the Company, the Company is allowed to reduce the amount to be remitted to the Dutch tax authorities by the lesser of:

- 3% of the portion of the distribution paid by the Company that is subject to Dutch dividend withholding tax; and
- 3% of the dividends and profit distributions, before deduction of non-Dutch withholding taxes, received by the Company from qualifying non-Dutch subsidiaries in the current calendar year (up to the date of the Company's distribution) and the two preceding calendar years, as far as such dividends and profit distributions have not yet been taken into account for purposes of establishing the above-mentioned reduction.

Although this reduction reduces the amount of Dutch dividend withholding tax that the Company is required to remit to the Dutch tax authorities, it does not reduce the amount of tax that the Company is required to withhold on dividends distributed. Upon request, the Company will provide holders of Offer Shares with information regarding the portion of the Dutch withholding tax that was retained by the Company.

Pursuant to legislation to counteract "dividend stripping", a reduction, exemption, credit or refund of Dutch dividend withholding tax is denied if the recipient of the dividend is not the beneficial owner as described in the Dutch Dividend Withholding Tax Act 1965 (*Wet op de dividendbelasting 1965*). This legislation generally targets situations in which a shareholder retains the economic interest in shares but reduces the withholding tax costs on dividends by a transaction with another party. These rules may also apply if the recipient of the dividends is not aware that a dividend stripping transaction took place. The Dutch State Secretary of Finance takes the position that the definition of beneficial ownership introduced by this legislation is also relevant in the context of a double taxation convention.

Taxes on Income and Capital Gains

Dutch Resident Individuals

If a holder of Offer Shares is a Dutch Resident Individual, any benefit derived or deemed to be derived from the Offer Shares is taxable at progressive income tax rates (with a maximum of 52%), if:

(i) the Offer Shares are attributable to an enterprise from which the Dutch Resident Individual derives a share of the profit, whether as an entrepreneur or as a person who has a co-entitlement to the net worth (*medegerechtigd tot het vermogen*) of such enterprise, without being an entrepreneur or a shareholder, as defined in the Dutch Income Tax Act 2001; or

(ii) the holder of the Offer Shares is considered to perform activities with respect to the Offer Shares that go beyond ordinary asset management (*normaal, actief vermogensbeheer*) or derives benefits from the Offer Shares that are otherwise taxable as benefits from other activities (*resultaat uit overige werkzaamheden*).

If the above-mentioned conditions (i) and (ii) do not apply to the individual holder of Offer Shares, the Offer Shares are recognised as investment assets and as such included in such holder's net investment asset base (*rendementsgrondslag*). Such holder will be taxed annually on a deemed income of 4% of his or her net investment assets for the year at an income tax rate of 30%. The net investment assets for the year are the fair market value of the investment assets less the allowable liabilities on 1 January of the relevant calendar year. A tax free allowance may be available. Actual benefits derived from the Offer Shares are as such not subject to Dutch income tax.

A law has been enacted, pursuant to which, beginning on 1 January 2017, the taxation of income from savings and investments will be amended and the deemed return will no longer be fixed at 4%, but instead a variable return between, as currently proposed, 2.9% and 5.5% (depending on the amount of holder's net investment assets for the year) will be applied. Following 2017, the deemed return will be adjusted annually. However, at the request of the Dutch Parliament, the Dutch Ministry of Finance will also review, in the course of 2016, whether the taxation of income from savings and investments can be based on the actual income and/or gains realised in respect of the Offer Shares instead of a deemed return.

Dutch Resident Entities

Any benefit derived or deemed to be derived from the Offer Shares held by Dutch Resident Entities, including any capital gains realised on the disposal thereof, will generally be subject to Dutch corporate income tax at a rate of 25% (a corporate income tax rate of 20% applies with respect to taxable profits up to €200,000).

Non-residents of the Netherlands

A holder of Offer Shares will not be subject to Dutch taxes on income or on capital gains in respect of any payment under the Offer Shares or any gain realised on the disposal or deemed disposal of the Offer Shares, provided that:

(i) such holder is neither a resident nor deemed to be resident in the Netherlands for Dutch tax purposes;

(ii) such holder does not have an interest in an enterprise or a deemed enterprise (a statutorily defined term) which, in whole or in part, is either effectively managed in the Netherlands or is carried out through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise, or part of an enterprise, the Offer Shares are attributable; and

(iii) in the event such holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the Offer Shares that go beyond ordinary asset management and does not derive benefits from the Offer Shares that are otherwise taxable as benefits from other activities in the Netherlands.

Gift and Inheritance Taxes

Residents of the Netherlands

Gift and inheritance taxes will be levied in the Netherlands with respect to a transfer of the Offer Shares by way of a gift by, or on the death of, a holder of Offer Shares who is resident or deemed to be resident in the Netherlands at the time of the gift or his/her death.

Non-residents of the Netherlands

No Dutch gift or inheritance taxes will be levied on the transfer of the Offer Shares by way of gift by, or on the death of, a holder of Offer Shares who is neither resident nor deemed to be resident in the Netherlands, unless:

(i) in the case of a gift of Offer Shares by an individual who, at the date of the gift, was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands; or

(ii) the transfer is otherwise construed as a gift or inheritance made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands.

For purposes of Dutch gift and inheritance taxes, amongst others, a person that holds the Dutch nationality will, among other instances, be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his/her death. Additionally, for purposes of Dutch gift tax, amongst others, a person not holding the Dutch nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the 12 months preceding the date of the gift.

Value Added Tax

In general, no Dutch value added tax will arise in respect of payments in consideration for the issue of the Offer Shares or in respect of a cash payment made under the Offer Shares, or in respect of a sale of the Offer Shares.

Other Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty, capital tax or any other similar documentary tax or duty will be payable in the Netherlands by a holder of Offer Shares in respect of or in connection with the acquisition, holding and sale of the Offer Shares.

US Federal Income Tax Considerations

This section describes the material United States federal income tax consequences of the acquisition, ownership and disposition of Shares. It applies to you only if you acquire your Shares in this Offering and you hold your Shares as capital assets for tax purposes. This section does not apply to you if you are a member of a special class of holders subject to special rules, including:

- a financial institution,
- a dealer in securities,
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings,
- an individual retirement account or other tax-deferred account,
- a tax-exempt organisation,
- a life insurance company,
- a person liable for alternative minimum tax,
- a person that actually or constructively owns 10% or more of the Group's voting stock,
- a person that holds shares as part of a straddle or a hedging or conversion transaction,
- a person who has ceased to be a US citizen or lawful permanent resident of the United States,
- a person that purchases or sells shares as part of a wash sale for tax purposes, or
- a US holder (as defined below) whose functional currency is not the US dollar.

This section is based on the US Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations, published rulings and court decisions, all as currently in effect, as well as on the Convention Between the United States of America and the Netherlands (the "**Treaty**"). These laws are subject to change, possibly on a retroactive basis.

If a partnership holds the Shares, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the Shares should consult its tax adviser with regard to the United States federal income tax treatment of an investment in the Shares.

You are a US holder if you are a beneficial owner of shares and you are:

- a citizen or resident of the United States,
- a domestic corporation,
- an estate whose income is subject to United States federal income tax regardless of its source, or

- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorised to control all substantial decisions of the trust or the trust has validly elected to be treated as a domestic trust for US federal income tax purposes.

A "non-US holder" is a beneficial owner of shares that is not a US holder as described above.

You should consult your own tax adviser regarding the United States federal, state and local and other tax consequences of acquiring, owning and disposing of Shares in your particular circumstances.

This discussion addresses only United States federal income taxation.

US Holders

Dividends

Under the United States federal income tax laws, and subject to the passive foreign investment company, or PFIC, rules discussed below, if you are a US holder, the gross amount of any dividend the Group pays out of our current or accumulated earnings and profits (as determined for United States federal income tax purposes) is subject to United States federal income taxation. Distributions in excess of current and accumulated earnings and profits, as determined for United States federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your basis in the Shares and thereafter as capital gain. However, the Group does not expect to calculate earnings and profits in accordance with United States federal income tax principles. Accordingly, you should expect to generally treat distributions the Group makes as dividends. If you are a non-corporate US holder, dividends that constitute qualified dividend income will be taxable to you at the preferential rates applicable to long-term capital gains provided that you hold the Shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding period requirements. Dividends the Group pays with respect to the Shares generally will be qualified dividend income, provided the Group qualifies for the benefits of the Treaty, which the Group believes to be the case.

As discussed in "Taxation—Certain Dutch Tax Considerations—Withholding Tax", payments of dividends by the Group to US holders are generally subject to a 15% Dutch withholding tax. You must include any Dutch tax withheld from the dividend payment in the gross amount of the dividend even though you do not in fact receive it. The dividend is taxable to you when you receive the dividend, actually or constructively. The dividend will not be eligible for the dividends-received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations. The amount of the dividend distribution that you must include in your income as a US holder will be the US dollar value of the Dutch payments made, determined at the spot euro/US dollar rate on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into US dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into US dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

Subject to certain limitations, the Netherlands tax withheld in accordance with the Treaty and paid over to the Netherlands will be creditable or deductible against your United States federal income tax liability. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the preferential tax rates. To the extent a refund of the tax withheld is available to you under Dutch law or under the Treaty, the amount of tax withheld that is refundable will not be eligible for credit against your United States federal income tax liability. See "Taxation of Dividends—Dutch Refund Procedure", above, for the procedures for obtaining a tax refund.

Dividends will be income from sources outside the United States and will generally be "passive" income for purposes of computing the foreign tax credit allowable to you.

Capital Gains

Subject to the PFIC rules discussed below, if you are a US holder and you sell or otherwise dispose of your Shares, you will recognise capital gain or loss for United States federal income tax purposes equal to the difference between the US dollar value of the amount that you realise and your tax basis, determined in US dollars, in your Shares. Capital gain of a non-corporate US holder is generally taxed at preferential

rates where the property is held for more than one year. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

Medicare Tax

A US holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8% tax on the lesser of (1) the US holder's "net investment income" (or "undistributed net investment income" in the case of an estate or trust) for the relevant taxable year and (2) the excess of the US holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is $125,000, $200,000 or $250,000, depending on the individual's circumstances). A holder's net investment income generally includes its dividend income and its net gains from the disposition of Shares, unless such dividend income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a US holder that is an individual, estate or trust, you are urged to consult your tax advisers regarding the applicability of the Medicare tax to your income and gains in respect of your investment in the Shares.

Non-US Holders

Dividends

If you are a non-US holder, dividends paid to you in respect of Shares will not be subject to United States federal income tax unless the dividends are "effectively connected" with your conduct of a trade or business within the United States, and the dividends are attributable to a permanent establishment that you maintain in the United States if that is required by an applicable income tax treaty as a condition for subjecting you to United States taxation on a net income basis. In such cases you generally will be taxed in the same manner as a US holder. If you are a corporate non-US holder, "effectively connected" dividends may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

Capital Gains

If you are a non-US holder, you will not be subject to United States federal income tax on gain recognised on the sale or other disposition of your Shares unless:

- the gain is "effectively connected" with your conduct of a trade or business in the United States, and the gain is attributable to a permanent establishment that you maintain in the United States if that is required by an applicable income tax treaty as a condition for subjecting you to United States taxation on a net income basis, or
- you are an individual, you are present in the United States for 183 or more days in the taxable year of the sale and certain other conditions exist.

If you are a corporate non-US holder, "effectively connected" gains that you recognise may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or at a lower rate if you are eligible for the benefits of an income tax treaty that provides for a lower rate.

PFIC Rules

The Group believes that Shares should not be treated as stock of a PFIC for United States federal income tax purposes, but this conclusion is a factual determination that is made annually and thus may be subject to change.

In general, if you are a US holder, the Group will be a PFIC with respect to you if for any taxable year in which you held the Group's Shares:

- at least 75% of the Group's gross income for the taxable year is passive income or
- at least 50% of the value, determined on the basis of a quarterly average, of the Group's assets is attributable to assets that produce or are held for the production of passive income.

Passive income generally includes dividends, interest, royalties, rents (other than certain rents and royalties derived in the active conduct of a trade or business), annuities and gains from assets that produce passive income. If a foreign corporation owns at least 25% by value of the stock of another corporation, the foreign corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets

of the other corporation, and as receiving directly its proportionate share of the other corporation's income.

The Group believes that the Group's Shares should not be treated as stock of a PFIC because the Group thinks that most of the Group's passive assets qualify for the Insurance Company Exception, which treats certain passive assets owned by insurance companies as active assets. However, this is a factual determination that is made annually and thus may be subject to change. In addition, there are several legislative and regulatory proposals that would change the application of the Insurance Company Exception, and there is no assurance that the Group would qualify for the Insurance Company Exception if such proposals are adopted.

If the Group is treated as a PFIC, and you are a US holder that did not make a mark-to-market election, as described below, you will be subject to special rules with respect to:

- any gain you realise on the sale or other disposition of your Shares and
- any excess distribution that the Group makes to you (generally, any distributions to you during a single taxable year, other than the first taxable year in which you hold the units, that are greater than 125% of the average annual distributions received by you in respect of the Shares during the three preceding taxable years or, if shorter, your holding period for the shares).

Under these rules:

- the gain or excess distribution will be allocated rateably over your holding period for the Shares,
- the amount allocated to the taxable year in which you realised the gain or excess distribution or to prior years before the first year in which the Group was a PFIC with respect to you will be taxed as ordinary income,
- the amount allocated to each other prior year will be taxed at the highest tax rate in effect for that year, and
- the interest charge generally applicable to underpayments of tax will be imposed in respect of the tax attributable to each such year.

Special rules apply for calculating the amount of the foreign tax credit with respect to excess distributions by a PFIC.

If you own shares in a PFIC that are treated as marketable stock, you may make a mark-to-market election. If you make this election, you will not be subject to the PFIC rules described above. Instead, in general, you will include as ordinary income each year the excess, if any, of the fair market value of your shares at the end of the taxable year over your adjusted basis in your shares. These amounts of ordinary income will not be eligible for the favourable tax rates applicable to qualified dividend income or long-term capital gains. You will also be allowed to take an ordinary loss in respect of the excess, if any, of the adjusted basis of your shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). Your basis in the shares will be adjusted to reflect any such income or loss amounts. Once made, the mark-to-market election cannot be revoked without the consent of the IRS unless the shares cease to be marketable. If the Company is a PFIC for any year in which the US holder owns the shares but before a mark-to-market election is made, the interest charge rules described above will apply to any mark-to-market gain recognised in the year the election is made.

Unless you make a special "purging election", your Shares will be treated as stock in a PFIC if the Group was a PFIC at any time during your holding period in your Shares, even if the Group is not currently a PFIC. For purposes of this rule, if you make a mark-to-market election with respect to your Shares, you will be treated as having a new holding period in your shares beginning on the first day of the first taxable year beginning after the last taxable year for which the mark-to-market election applies.

In addition, notwithstanding any election you make with regard to the Shares, dividends that you receive from the Group will not constitute qualified dividend income to you if the Group is a PFIC (or is treated as a PFIC with respect to you) either in the taxable year of the distribution or the preceding taxable year. Dividends that you receive that do not constitute qualified dividend income are not eligible for taxation at the preferential rates applicable to qualified dividend income. Instead, you must include the gross amount of any such dividend paid by the Group out of the Group's accumulated earnings and profits (as determined for United States federal income tax purposes) in your gross income, and it will be subject to tax at rates applicable to ordinary income.

If you own Shares during any year that the Group is a PFIC with respect to you, you may be required to file Internal Revenue Service ("**IRS**") Form 8621.

Foreign Account Tax Compliance Withholding

A 30% withholding tax will be imposed on certain payments to certain non-US financial institutions that fail to comply with information reporting requirements or certification requirements in respect of their direct and indirect United States shareholders and/or United States accountholders. To avoid becoming subject to the 30% withholding tax on payments to them, the Group and other non-US financial institutions may be required to report information to the IRS regarding the holders of shares and to withhold on a portion of payments under the shares to certain holders that fail to comply with the relevant information reporting requirements (or hold shares directly or indirectly through certain non-compliant intermediaries). However, such withholding will not apply to payments made before 1 January 2019. The rules for the implementation of this legislation have not yet been fully finalised, so it is impossible to determine at this time what impact, if any, this legislation will have on holders of the Shares.

Information with Respect to Foreign Financial Assets

Owners of "specified foreign financial assets" with an aggregate value in excess of $50,000 (and in some circumstances, a higher threshold) may be required to file an information report with respect to such assets with their tax returns. "Specified foreign financial assets" may include financial accounts maintained by foreign financial institutions, as well as the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-United States persons, (ii) financial instruments and contracts that have non-United States issuers or counterparties, and (iii) interests in foreign entities. Holders are urged to consult their tax advisers regarding the application of this reporting requirement to their ownership of the Shares.

Backup Withholding and Information Reporting

If you are a non-corporate US holder, information reporting requirements, on IRS Form 1099, generally will apply to dividend payments or other taxable distributions made to you within the United States, and the payment of proceeds to you from the sale of Shares effected at a United States office of a broker.

Additionally, backup withholding may apply to such payments if you fail to comply with applicable certification requirements or are notified by the IRS that you have failed to report all interest and dividends required to be shown on your federal income tax returns.

If you are a non-US holder, you are generally exempt from backup withholding and information reporting requirements with respect to dividend payments made to you outside the United States by the Group or another non-United States payor. You are also generally exempt from backup withholding and information reporting requirements in respect of dividend payments made within the United States and the payment of the proceeds from the sale of shares effected at a United States office of a broker, as long as either (i) the payor or broker does not have actual knowledge or reason to know that you are a United States person and you have furnished a valid IRS Form W-8 or other documentation upon which the payor or broker may rely to treat the payments as made to a non-United States person, or (ii) you otherwise establish an exemption.

Payment of the proceeds from the sale of shares effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker could be subject to information reporting in the same manner as a sale within the United States (and in certain cases may be subject to backup withholding as well) if (i) the broker has certain connections to the United States, (ii) the proceeds or confirmation are sent to the United States or (iii) the sale has certain other specified connections with the United States.

You generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed your income tax liability by filing a refund claim with the IRS.

INDEPENDENT AUDITORS

KPMG Accountants N.V. ("**KPMG**"), independent auditors with their address at Laan van Langerhuize 1, 1186 DS Amstelveen, the Netherlands, has audited the Group's consolidated financial statements as of and for the three years ended 31 December 2015, 31 December 2014 and 31 December 2013, and has issued unqualified auditor's reports thereon. The auditor reports are included (relating to the 31 December 2015 consolidated financial statements) and incorporated by reference into this Prospectus (relating to the 31 December 2014 and 2013 consolidated financial statements). The auditor who signs on behalf of KPMG is a member of the Royal Netherlands Institute of Chartered Accountants (*Koninklijke Nederlandse Beroepsorganisatie van Accountants*).

KPMG has reviewed the Group's condensed consolidated interim financial statements as of and for the three months ended 31 March 2016 and has issued an unqualified review report thereon, which is included in this Prospectus.

KPMG has given, and has not withdrawn, its consent to the inclusion and/or incorporation by reference of its reports in this Prospectus in the form and context in which they are included. As the Shares have not been and will not be registered under the Securities Act, KPMG have not filed and will not file a consent under the Securities Act.

The Company confirms that the information in the auditor's reports included (relating to the 31 December 2015 consolidated financial statements) and incorporated by reference in this Prospectus (relating to the 31 December 2014 and 2013 consolidated financial statements) has been accurately reproduced and that as far as the Company is aware and able to ascertain from information published by the auditors, no facts have been omitted which would render the auditor's reports inaccurate or misleading.

The Group decided to appoint Ernst & Young Accountants LLC as the Group's independent auditor for the reporting year 2016 to succeed KPMG.

GENERAL INFORMATION

Significant Change in the Company's Financial or Trading Position

No significant change in the financial or trading position of the Group has occurred between 31 March 2016 and the date of this Prospectus.

Expenses of the Offering

The expenses related to the Offering incurred in 2015 and 2016 that are payable by the Company are estimated at approximately €7.8 million (excluding VAT) and include, among other items, the fees due to the AFM and Euronext Amsterdam, regulatory approval expenses, the fees due to the Company's accountant and legal, communications and independent financial advisors, administrative and regulatory expenses, as well as publication costs.

In consideration of the agreement by the Underwriters to purchase the Offer Shares at the Offer Price and subject to the Offer Shares being sold as provided for in the Underwriting Agreement, the Selling Shareholder has agreed to pay the Underwriters an aggregate commission of €2,450,000. The Selling Shareholder may in its sole and absolute discretion also decide to award to some or all of the Joint Global Coordinators and the other Underwriters a discretionary commission in aggregate at a level to be determined by the Selling Shareholder of up to €2,050,000. The Selling Shareholder has also agreed to reimburse the Underwriters for documented costs and expenses relating to pre-deal investor education incurred by them in relation to the Offering, subject to a cap.

Availability of Documents

Subject to applicable laws, the following documents (or copies thereof) may be obtained free of charge from the Company's website (http://asrnederland.nl/) and during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the registered office of the Company at Archimedeslaan 10, 3584 BA Utrecht, the Netherlands, telephone: +31 (0)30 257 9111; e-mail: ir@asr.nl from the date of this Prospectus until at least the Settlement Date.

- the Articles of the Association;
- 2014 Financial Statements, including the audit report of KPMG, which are on pages 220 to 224 of the English language Annual Report 2014 (excluding any documents incorporated by reference in such pages); and
- 2013 Financial Statements, including the audit report of KPMG, which are on pages 206 to 209 of the English language Annual Report 2013 (excluding any documents incorporated by reference in such pages).

DOCUMENTS INCORPORATED BY REFERENCE

The following documents some of which have previously been published are incorporated in this Prospectus by reference and, as such, form part of this Prospectus. The incorporation by reference extends to the parts indicated below and the English language versions of the documents only, unless otherwise indicated below. Non-incorporated parts of the documents listed below are either not relevant for the investor or covered elsewhere in this Prospectus.

- Unofficial English translation and the original Dutch version of the Articles of Association of the Company, as they will read following their amendment prior to the Settlement Date;
- 2014 Financial Statements, including the audit report of KPMG, which are on pages 220 to 224 of the English language Annual Report 2014 (excluding any documents incorporated by reference in such pages); and
- 2013 Financial Statements, including the audit report of KPMG, which are on pages 206 to 209 of the English language Annual Report 2014 (excluding any documents incorporated by reference in such pages and excluding the 2012 comparative columns included therein).

These documents (or copies thereof) may be obtained free of charge from the Group's website (www.asrnl.com).

No Incorporation of Website

Potential investors should only rely on the information that is provided in this Prospectus or incorporated by reference into this Prospectus. No other documents, information or websites, including the contents of the Group's website not mentioned in the section above or any websites accessible from hyperlinks on the Group's website, do not form part of and are not incorporated by reference into this Prospectus.

DEFINITIONS

The following definitions are used in this Prospectus:

403-Declaration	A statement of joint and several liability under section 403, Book 2 of the Dutch Civil Code
ACM	The Authority for Consumers and Markets (*Autoriteit Consument en Markt)*
AFM	The Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*)
AG	Dutch Actuarial Society (*Actuarieel Genootschap)*
AIF	Alternative investment fund
AIFM	Alternative investment fund manager
AIFMD	The Alternative Investment Fund Management Directive (2011/61/EU)
Allocation	The allocation of the Offer Shares
ANB	ASR Nederland Beleggingsbeheer
APE	Annual premium equivalent, calculated as the total amount of recurring premiums from new business plus 10% of the total amount of single premiums on business written during the year. This measure is used only in the Life segment as there are no single premium products in the Non-life segment
Articles of Association	The articles of association of the Company as they will read following their amendment prior to the First Trading Date, and any further amendments from time to time
ASIC	The Australian Securities and Investments Commission
ASR GAM	a.s.r. Group Asset Management
ASR Vermogensbeheer	BNG Vermogensbeheer B.V. which was renamed as ASR Vermogensbeheer B.V.
ASRH	ASR Hypotheken B.V.
ASR Leven	ASR Levensverzekering N.V.
ASR REIM	a.s.r. Real Estate Investment Management
ASRS	ASR Schadeverzekering N.V.
Audit & Risk Committee	The audit and risk committee of the Supervisory Board
AuM	Assets under management
Bank	ASR Bank N.V.
BEPS	Base erosion and profit shifting
Boval	Dutch ID B.V. together with its subsidiaries
BPO	Business process outsourcing
BRRD	The EU Directive on the recovery and resolution of credit instructions and investment firms
CAGR	Compounded annual growth rate
Call Option	The call option granted by the Company to the Foundation
Capital Markets Law	Capital Markets Law of Oman (Royal Decree No. 80/1998) and Ministerial Decision No. 1/2009

CBS	Statistics Netherlands (*Centraal Bureau voor de Statistiek*)
CEO	The chairman of the Executive Board
CET	Central European Time
CFO	The chief financial officer of the Executive Board
Chairman	The chairman of the Supervisory Board
CISA	The Swiss Federal Act on Collective Investment Schemes
CMA	The Capital Markets Authority resolution number 2-11-2004 dated 4 October 2004 and amended by the Board of the Capital Market Authority resolution number 1-28-2008 dated 18 August 2008
Co-Lead Manager	Joh. Berenberg, Gossler & Co. KG is acting as co-lead manager for the Offering
ComFrame	The Common Framework for the Supervision of Internationally Active Insurance Groups
Company	ASR Nederland N.V.
Competent Authority	DNB or any other body or authority having any supervisory or other primary authority over the Company
COO	The Chief Operating Officer
Corporations Act	The Corporations Act 2001 of Australia
CRD	EU Capital Requirements Directive
DCGC	Dutch Corporate Governance Code
Deed of Amendment	The notarial deed of amendment of the Company's articles of association to be executed before Settlement
DNB	Dutch Central Bank or De Nederlandsche Bank N.V.
Dutch Retail Investor	An eligible retail investor in the Netherlands. For the purpose of the Preferential Retail Allocation, a Dutch retail investor is either: (i) a natural person resident in the Netherlands; or (ii) a special investment vehicle having its seat in the Netherlands which is a legal entity established for the express and sole purpose of providing asset management and/or retirement planning services for a natural person
EC	European Commission
ECB	The European Central Bank
EEA	The European Economic Area
EEA State	A state which is a party to the agreement relating to the EEA
EMIR	European Market Infrastructure Regulation 648/2012
Enterprise Chamber	The enterprise chamber of the court of appeal in Amsterdam (*Ondernemingskamer van het Gerechtshof te Amsterdam*)
EU	European Union
Euroclear Nederland	Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.
Euronext Amsterdam	Euronext Amsterdam N.V.
Euronext in Amsterdam	A regulated market of Euronext Amsterdam

European Passport Principle	A directive allowing a bank to offer banking services in all Member States on the basis of a single banking licence through the establishment of a branch or cross-border provision of services in all Member States
Executive Board	The statutory executive body of the Company (*Raad van Bestuur*)
Executive Board Rules	Rules adopted by the Executive Board of the Company, concerning the organisation, decision-making and other internal matters
Exempted Subsidiaries	The consolidated subsidiaries of the Group, eligible for exemption from publishing annual accounts for financial years ending before 2016
FIEL	The Financial Instruments and Exchange Law of Japan
Financial Advisers	Rothschild and UBS Limited
Financial Promotion Order	The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended
FINMA	The Swiss Financial Market Supervisory Authority
First Trading Date	The date on which trading on an "as-if-and-when-delivered" basis in the Shares on Euronext in Amsterdam commences, which is expected to be 10 June 2016
FRSA	Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*)
FSCB	Financial Services Complaints Board (*Klachteninstituut Financiele Dienstverlening* or *KIFID*)
FTE	Full-time equivalent
FTT	Proposed directive for a common Financial Transactions Tax, published by the EC in February 2013 and to be implemented by 10 Participating Member States, being Austria, Belgium, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain
Funeral Peers	Dela Uitvaartverzorging B.V., Monuta Uitvaartverzorging N.V., VIVAT N.V. and Yarden
GDP	Gross domestic product
General Meeting	General meeting (*algemene vergadering*) of the Company, being the corporate body, or where the context so requires, the physical meeting of that body
Gross Written Premiums or **GWP** . . .	Total premiums (whether or not earned) for insurance contracts written or assumed during a specific period, without deduction for premiums ceded
Group	ASR Nederland N.V. together with its consolidated subsidiaries
Historical Financial Information	Unaudited condensed consolidated interim financial statements of the Group as of and for the three months ended 31 March 2016 which includes comparative information as of and for the three months ended 31 March 2015 and audited consolidated financial statements of the Group as of and for the year ended 31 December 2015 (including the notes thereto) which includes comparative information as of and for the years ended 31 December 2014 and 31 December 2013
IAS	International Accounting Standards
IASB	International Accounting Standards Board

ICR	Interest coverage ratio
ICT	Information and communications technology
IFRS	International Financial Reporting Standards as adopted by the European Union
IMD	EU Directive 2002/92/EC on insurance mediation
IMD2 or **IDD**	Revised IMD, the Insurance Distribution Directive
Incidental Items	The Group adjusts its IFRS reported profit before tax, as adjusted for the changes in accounting policies, to exclude the impact of certain incidental items in order to derive its operating results. The incidental items include: (i) investment income (including capital gains and losses, impairments and fair value changes) on financial instruments held for own use, net of applicable shadow accounting impact; (ii) changes in the insurance reserves related to a change in methodology which has an impact of more than €10 million; (iii) results of non-core operations; and (iv) other non-recurring or one-off items in excess of €10 million, which are not related to the core business and/or ongoing business of the Group such as restructuring costs, own pension arrangements and expenses related to the privatisation of the Group.
Indemnified Officer	Members of the Executive Board and Supervisory Board, indemnified by the Company
Insurance Company Exception	An exception under the PFIC rules
IORP	A '*premie pensioen instelling*' (premium pension institution)
IORP Directive	Institutions for Occupational Retirement Provision Directive
ITO	Information technology outsourcing
Joint Bookrunners	Barclays Bank PLC, Coöperatieve Rabobank U.A. (Rabobank), HSBC Bank plc and ING Bank N.V. in their capacity as joint bookrunners
Joint Global Coordinators	ABN AMRO Bank N.V., Citigroup Global Markets Limited and Deutsche Bank AG, London Branch in their capacity as joint global coordinators
KID	Key Information Document, a standardised and simple document giving key facts on an investment product
KIFID	Financial Services Complaints Board (*Klachteninstituut Financiele Dienstverlening)*
KPMG	KPMG Accountants N.V.
KSA	The Kingdom of Saudi Arabia
LAT	The liability adequacy test
Listing and Paying Agent	ABN AMRO Bank N.V.
LTFV	Loan-to-fair value is based on the outstanding principal divided by the appraisal value of the related property on issue date adjusted by the residential housing index published by the Dutch statistics bureau (*Centraal Bureau voor de Statistiek*)
LTV	Loan-to-value is based on the outstanding principal divided by the foreclosure value of the related property on issue date adjusted by the residential housing index published by the Dutch statistics bureau (*Centraal Bureau voor de Statistiek*)

MAR	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC
MCD	Mortgage Credit Directive (2014/17/EU) on credit agreements for consumers relating to residential immovable property
MCR	Minimum capital requirement
Member States	EU Member States and where relevant other states that are party to the EEA Agreement
MLDI1	EU Directive 91/308/EE on anti-money laundering
MLDI2	EU Directive 2001/97/EC on anti-money laundering
MLDI3	EU Directive 2005/60/EC on anti-money laundering
Net Promoter Score or **NPS**	A tool for measuring customer satisfaction
NIVO	NIVO Uitvaartverzekeringen N.V.
NLFI	Stichting administratiekantoor beheer financiële instellingen (*NL Financial Investments)*
NHG	National Mortgage Guarantee (*Nationale Hypotheek Garantie*)
NZa	The Dutch Healthcare Authority
OCI	Other Comprehensive Income
OECD	Organisation for Economic Cooperation and Development
Offering	The public offering of the Offer Shares in the Netherlands to institutional and retail investors and a private placement to certain institutional investors in various other jurisdictions
Offering Period	The period during which the Offering will take place, commencing at 9:00 CET on 31 May 2016 and ending at 14:00 CET on 9 June 2016 for prospective institutional investors and from 9:00 CET on 31 May 2016 until 17:00 CET on 8 June 2016 for prospective retail investors, subject to acceleration or extension of the timetable for the Offering
Offer Price	The offer price per Offer Share
Offer Price Range	The expected price range of €18.00 to €22.00 (inclusive) per Offer Share
Offer Shares	The Shares that will be offered by the Selling Shareholder in the Offering, which include, unless the context indicates otherwise, the Over-Allotment Shares in the share capital of the Company
OTC	Over-the-counter
Over-Allotment Option	The option to be granted to the Joint Global Coordinators, on behalf of the Underwriters, exercisable within 30 calendar days after the Settlement Date, pursuant to which the Joint Global Coordinators, on behalf of the Underwriters, may require the Selling Shareholder to sell Over-Allotment Shares at the Offer Price
Over-Allotment Shares	The additional Shares that may be made available pursuant to the Over-Allotment Option
ORSA	Own Risk and Solvency Assessment
P&C	Property and casualty

Participating Member States	Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia
Peers	Achmea B.V., Aegon N.V., Delta Lloyd N.V., NN Group N.V. and VIVAT N.V.
PFIC	Passive foreign investment company
Pillar 1	Mandatory state pension scheme under the Dutch pension system
Pillar 2	Employer based pension schemes under the Dutch pension system
Pillar 3	Voluntary pension facilities with fiscal benefits under the Dutch pension system
Pillar 4	Voluntary pension facilities without fiscal benefits under the Dutch pension system
PMLA	Prevention of Money Laundering and the Financing of Terrorism Act (*Wet ter voorkoming van witwassen en financieren van terrorisme*)
PoliService	PoliService B.V.
Preferential Retail Allocation	The preferential allocation of Offer Shares to Dutch Retail Investors
Preferred Shares	Preferred shares (*preferente aandelen*) of the Company
Pricing Agreement	The pricing agreement between the Company and the Joint Global Coordinators (on behalf of the Underwriters) expected to be entered into on 9 June 2016
Pricing Statement	The pricing statement detailing the Offer Price and the exact number of Offer Shares, which will be filed with the AFM
PRIIPs	Regulation (no 1286/2014) on Key Information Documents for packaged retail and insurance-based investment products
Prospectus	This Prospectus dated 30 May 2016
Prospectus Directive	Directive 2003/71/EC and amendments thereto, including Directive 2010/73/EU
QIBs	Qualified institutional buyers as defined in Rule 144A of the US Securities Act
Qualifying Participation	A holding of 10% or more in the issued share capital of the insurance company (directly or indirectly), or the ability to vote at least 10% of the issued shares in the insurance company (directly or indirectly), or the ability to have a similar influence on the insurance company (directly or indirectly)
Rbb 2011	Regulation of DNB on Sound Remuneration Policies pursuant to the Dutch Financial Supervision Act (*Regeling Beheerst beloningsbeleid Wft 2011*)
Rbb 2014	Revised regulation replacing Rbb 2011 (*Regeling Beheerst beloningsbeleid Wft 2014*)
Regulation S	Regulation S under the US Securities Act
Relationship Agreement	Relationship agreement dated 30 May 2016 between the Company and NLFI
Relevant Member State	Each EEA State which has implemented the Prospectus Directive

Relevant Persons	A relevant person within the meaning of the Order
Remuneration Committee	The remuneration committee of the Supervisory Board
Retail Coordinator	ABN AMRO Bank N.V.
Return on equity or **ROE**	The return on equity on Group level is calculated as restated profit attributable to holders of equity instruments minus interest on hybrid instruments (net of taxes), divided by average equity (excluding hybrid instruments)
Rothschild	N M Rothschild & Sons Limited
SAA	Strategic asset allocation
SaaS	Software as a Service
SCR	Solvency capital requirement under Solvency II
Selection & Appointment Committee	The selection and appointment committee of the Supervisory Board
Selling Shareholder	NLFI
Settlement	Payment (in euro) for, and delivery of, the Offer Shares
Settlement Date	The date on which Settlement occurs, which is expected to be on or about 14 June 2016, subject to acceleration or extension of the timetable for the Offering
SFA	The Securities and Futures Act of Singapore
SFO	The Securities and Futures Ordinance of Hong Kong
Shares	The ordinary shares in the Company's share capital with a nominal value of €0.16 per ordinary share
Share Lending Agreement	A securities loan to be entered into on or around the date of the Pricing Agreement, between the Selling Shareholder and the Stabilisation Agent
SIX	The SIX Swiss Exchange
SLT	Similar to life techniques
SME	Small- or medium-sized enterprise
Solvency I	European regulatory framework for the prudential supervision of insurance and reinsurance companies
Solvency II	A new solvency framework and prudential regime. Solvency II consists of Directive 2009/138/EC of the European Parliament and of the Council of 10 November 2009. The Directive was supplemented with the Omnibus II Directive (2014/51/EU) in 2014. On 17 January 2015, the Delegated Acts were endorsed by the European Parliament and Council, effective immediately.
Solvency II Pillar 1	Quantitative requirements under Solvency II
Solvency II Pillar 2	Governance, risk management and effective supervision requirements under Solvency II
Solvency II Pillar 3	Disclosure and transparency requirements under Solvency II
SOS International	B.V. Nederlandse Hulpverleningsorganisatie SOS International
SRF	Single Resolution Fund
SRM	Single Resolution Mechanism
Stabilisation Agent	Deutsche Bank AG, London Branch

Supervisory Board	The second tier of the Company's board structure which supervises and advises the Executive Board (*Raad van Commissarissen*)
UCITS	Undertakings for collective investment in transferable securities
UFR	Ultimate forward rate for insurance companies and pension funds
Underwriters	Each of the Joint Global Coordinators, Joint Bookrunners and Co-Lead Manager
Underwriting Agreement	Underwriting agreement entered into on 30 May 2016 between the Company, NLFI and the Joint Global Coordinators (on behalf of themselves and the other Underwriters)
US	United States of America
US Securities Act	The United States Securities Act of 1933, as amended
UWV	Dutch Employee Insurance Agency (*Uitvoeringsinstituut Werknemersverzekeringen)*
VOBA	Value of Business Acquired represents the difference between the fair value and the carrying amount of insurance portfolios that have been acquired
WEW	The Homeownership Guarantee Fund (*Stichting Waarborgfonds Eigen Woning*)
WIA	Dutch Work and Income Act (Capacity for Work)
Works Council	The central works council (*ondernemingsraad*, also referred to as *Raad van Medewerkers*) of the Company
VKG	Van Kampen Groep Holding B.V. and its subsidiaries

GLOSSARY OF INSURANCE AND INVESTMENT MANAGEMENT TERMS

The following terms are used in this Prospectus:

Actuarial Consulting Firm	Specialised firm for life insurance focused on advising mid-sized and large commercial customers on pension plans, and work on a fee basis
Adviser	Intermediaries that sell products from more than one insurer, taking into account product characteristics and the supplier when helping a customer choose; compensation is based on fees and/or commissions
Annual Premium	An insurance policy where the policyholder makes periodic payments; the annual premium includes the annualised amount of premiums that occur at different frequencies than annual
Annuity	A contract between an annuitant and an insurance company, under which the annuitant makes a lump sum payment or a series of payments; in return, the insurer agrees to make periodic payments to the annuitant beginning immediately or at some future date
APF	General pension fund (*algemeen pensioenfonds*)
Asset-Backed Securities or **ABS** . . .	A type of bond or note that is based on pools of assets, or collateralised by the cash flows from a specified pool of underlying assets
Bancassurance	Insurance companies using a bank's distribution network, including branches, call centres, financial centres and internet platforms to reach customers and distribute their products
Bank Annuities	A long-term savings and investment product that provides economic returns to customers that are similar to, and otherwise substitute for, individual life annuity products in the Netherlands
CDO	Collateralised debt obligation
Cede; Ceding Insurer; Cession . . .	When an insurer reinsures its risk with another insurer (a "cession"), it "cedes" business and is referred to as the "ceding insurer"
CET1	The Common Equity Tier 1 ratio
Claim	A demand made by the insured, or the insured's beneficiary, for payment of the benefits as provided by the policy
Claims Ratio	The cost of claims expressed as a percentage of net earned premiums. The cost of claims excludes (i) the compensation of realised capital gains through the technical reserves, (ii) interest accrual on reserves and (iii) prudence margin for Health
Combined Ratio	The sum of the loss ratio and the expense ratio for a non-life insurance company or a reinsurance company; a combined ratio below 100 generally indicates profitable underwriting; a combined ratio over 100 generally indicates unprofitable underwriting; an insurance company with a combined ratio over 100 may be profitable to the extent net investment results exceed underwriting losses
Deferred Acquisition Costs or **DAC** .	Commissions and certain other underwriting, policy issuance and selling expenses that are directly related to the production of business are referred to as policy acquisition costs; policy acquisition costs that vary based on the level of production are deferred and later amortised to achieve matching revenues and expenses

Defined Benefit or **DB** . . . . A pension plan where specified benefits are accrued that equal a certain percentage of the insured's "pensionable income" for each year that the insured participates in the plan; after the pension date, the insured will receive a predetermined fixed annuity, including or excluding corrections for inflation

Defined Contribution or **DC** . . . . . A pension plan where specified contributions are paid into an account for the insured and then invested, with returns credited to the employee's account; upon termination of the plan, the balance of the employee's account is used to purchase an annuity

Direct Channel . . . . Distribution through proprietary channels of insurance companies and banks respectively (e.g. online platforms, call centres, in-house advisers)

DNB LAT . . . . DNB Liability Adequacy Test

ECAP . . . . Economic capital, i.e. the minimum amount of capital that is required to absorb unexpected losses in times of severe stress; for the Company the economic capital is calculated based on a confidence level of 99.5%. The ECAP calculation is generally in line with the Solvency II Directive and is aligned with the Company's internal view of certain specific risks. The ECAP framework is an integral part of the Company's capital steering and risk management framework

EOF . . . . Eligible own funds

Expense Ratio . . . . The ratio of non-life insurance or reinsurance operating expenses (acquisition costs, plus policy administration expenses, less reinsurance commission and profit participation) to net earned premiums; these operating expenses are also referred to as technical expenses

General Account . . . . The assets of an insurance company that support its insurance and other obligations (excluding unit-linked and separate account obligations)

Group Life . . . . Insurance of a collective pension plan for a group of employees, usually taken out by an employer that is not affiliated with an industry-wide or company pension fund

Incurred But Not Reported or **IBNR** . . . . Reserves for estimated losses and loss adjustment expenses which have been incurred but not yet reported to the insurer or reinsurer, including the future development of claims which have been reported to the insurer or reinsurer but where the established reserves may ultimately prove to be inadequate

Individual Life . . . . Life insurance for an individual and his/her family

Intermediaries . . . . Intermediaries are independent parties comprising advisers, mandated brokers and actuarial consulting firms, that distribute life and/or non-life insurance products.

LCR . . . . The liquidity coverage ratio

Loss . . . . An injury, harm, damage or financial detriment that a person sustains; losses may be covered, limited or excluded from coverage, depending on the terms of the policy

Mandated Broker . . . . A company offering insurance policies under its own brand with a mandate from an insurance company to underwrite policies; however, the insurance company bears the risk related to the issued policies

NB RaRoRac . . . . The value added by new business written in the reporting period based on discounted future cash flows and takes into account the required capital on insurance, counterparty and operational risks as well as the required capital on market risk

Penetration . . . . Indicates the level of development of the insurance sector in a country and is measured as the ratio of GWP to the GDP in a particular year; the penetration rate is calculated as follows: penetration rate = GWP/GDP × 100%

Recurring Premium . . . . An insurance policy where the policyholder makes periodic payments

Reinsurance . . . . The practice whereby one insurer, called the reinsurer, in consideration for premiums received, agrees to indemnify the reinsured or ceding insurer for part or all of the liability assumed by the reinsured under a contract or contracts of insurance which the reinsured has issued; the legal rights of the insured generally are not affected by the reinsurance transaction, and the insurance enterprise issuing the insurance contract remains liable to the insured for payment of policy benefits

Reserves . . . . Liabilities established by insurers and reinsurers to reflect the estimated cost of claims payments and benefits payments and the related expenses that the insurer or reinsurer will ultimately be required to pay in accordance with the insurance or reinsurance it has written

Retention . . . . The amount or portion of risk which a ceding insurer retains for its own account; losses and loss expenses paid by the ceding insurer in excess of the retention level are then reimbursed to the insurer by the reinsurer; in proportional insurance, the retention may be a percentage of the original policy's limit; in non-proportional insurance, the retention is an amount of loss, a loss ratio or a percentage

Separate Account . . . . An investment account established and maintained by an insurer to which funds have been allocated for certain insurance policies or contracts of the insurer. The income, gains and losses realised from assets allocated to the account are, in accordance with the insurance policies or contracts, credited to or charged against the account without regard to other income, gains or losses of the insurer or the insurer's other separate accounts. Separate accounts cannot generally be charged with the liabilities of the general account. The policyholders bear all of the investment risk for these products

Service Book . . . . A service book comprises an insurance portfolio to which the insurer adds limited levels of new business and for which the key objective is to service the policies and customers that are in effect (and the insurer may continue to collect premiums).

Single Premium . . . . An insurance policy where the policyholder pays a single, one-off premium

STP . . . . Straight through processing

Surrender . . . . Many life insurance products permit the insured to withdraw a portion or all of the cash surrender value of the contract; future benefits are reduced accordingly

Term Life Insurance . . . . Life insurance protection for a limited period which expires without maturity value if the insured survives the period specified in the policy

Tied Agent . . . . Intermediary that sells insurance contracts exclusively for one specific insurance company, with his payment predominantly based on commissions or an intermediary that is a tied agent (*verbonden bemiddelaar*) in the meaning of Section 2:81(2) Dutch Financial Supervision Act (*Wet op het financieel toezicht*)

Traditional Life Insurance . . . . Life insurance where claims paid consist of a predetermined amount, sometimes supplemented by a profit-sharing arrangement

Underwriting . . . . The process whereby an insurer or reinsurer reviews applications submitted for insurance or reinsurance coverage and determines whether it will provide all or part of the coverage being requested for an agreed premium

Unit-Linked Insurance . . . . Life insurance where the value of investment benefits paid to the policyholder depends on the performance of investments funded by premiums paid by the policyholder

Value Added New Business or **VANB** . . . . The present value, at the point of sale, of the projected after-tax distributable profits from the new business written in the year, taking into account all acquisition expenses and commissions

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

1. Consolidated interim balance sheet
(before profit appropriation)

	notes	31 March 2016	31 December 2015
Intangible assets		268	272
Property, plant and equipment		169	166
Investment property	4	2,644	2,667
Associates and joint ventures		21	20
Investments	5	26,200	25,063
Investments on behalf of policyholders	5	7,571	7,924
Loans and receivables	5	10,861	10,486
Derivatives	5	3,627	2,196
Deferred tax assets		513	516
Reinsurance contracts	6	612	611
Other assets		671	711
Cash and cash equivalents	5	4,310	2,628
Assets held for sale	9	80	78
Total assets		**57,547**	**53,338**
Share capital		100	100
Share premium reserve		962	962
Unrealized gains and losses		656	686
Actuarial gains and losses		−707	−467
Retained earnings		2,507	2,293
Total equity attributable to shareholders		**3,518**	**3,574**
Other equity instruments		701	701
Equity attributable to holders of equity instruments		**4,219**	**4,275**
Non-controlling interests		−17	−16
Total equity		**4,202**	**4,259**
Subordinated liabilities		497	497
Liabilities arising from insurance contracts	6	33,422	30,573
Liabilities arising from insurance contracts on behalf of policyholders		9,726	9,997
Employee benefits	7	3,180	2,962
Provisions		55	50
Borrowings		53	55
Derivatives	5	582	377
Due to customers		1,866	1,760
Due to banks		2,954	1,804
Other liabilities		983	966
Liabilities relating to assets held for sale	9	27	38
Total liabilities		**53,345**	**49,079**
Total liabilities and equity		**57,547**	**53,338**

2. Consolidated interim income statement

	notes	Q1 2016	Q1 2015
Continuing operations			
Gross premiums written		1,626	1,649
Change in provision for unearned premiums		−256	−247
Gross insurance premiums		**1,370**	**1,402**
Reinsurance premiums		−31	−36
Net insurance premiums		**1,339**	**1,366**
Investment income		324	336
Realized gains and losses		56	139
Fair value gains and losses		−1	382
Result on investments on behalf of policyholders		−171	847
Fee and commission income		19	10
Other income	7	116	50
Share of profit/(loss) of associates and joint ventures		3	—
Total income		**346**	**1,764**
Insurance claims and benefits		−1,127	−2,616
Insurance claims and benefits recovered from reinsurers		24	25
Net insurance claims and benefits		**−1,103**	**−2,591**
Operating expenses		−135	−131
Restructuring provision expenses		−3	−5
Acquisition costs		−91	−95
Impairments		11	1
Interest expense		−70	−63
Other expenses		−36	−30
Total expenses		**−324**	**−323**
Profit before tax		**258**	**216**
Income tax (expense) / gain		−58	−30
Profit from continuing operations		**200**	**186**
Discontinued operations			
Profit (loss) from discontinued operations net of tax	9	13	—
Profit for the period		**213**	**186**
Attributable to:			
—Attributable to non-controlling interests		−1	2
—Shareholders		214	184
—Holders of other equity instruments		—	—
—Tax on interest of other equity instruments		—	—
Profit attributable to holders of equity instruments		**214**	**184**

Earnings per share (in €)	Q1 2016	Q1 2015
Basic earnings per share from continuing operations	1,000	930
Basic earnings per share from discontinued operations	65	2
Basic earnings per share	**1,065**	**932**

For disclosure related to the income statement we refer to the Prospectus dated 30 May 2016 chapter Operating and Financial Review—Consolidated Results of Operations for the Three Months Ended 31 March 2016 and 2015 pages 89–95.

3. Consolidated interim statement of comprehensive income

	Q1 2016	Q1 2015
Profit for the period	**213**	**186**
Remeasurements of post-employment benefit obligation	−317	7
Income tax on items that will not be reclassified to profit or loss	77	−2
Total items that will not be reclassified to profit and loss	**−240**	**5**
Unrealized change in value of available-for-sale financial assets	992	1,128
Shadow accounting	−1,037	−735
Segregated investment pools	19	−40
Tax relating to components of other comprehensive income	−4	−63
Total items that may be reclassified subsequently to profit and loss	**−30**	**290**
Total other comprehensive income for the year, after tax	**−270**	**295**
Total comprehensive income	**−57**	**481**
Attributable to:		
—Attributable to non-controlling interests	−1	2
—Shareholders	−56	479
—Holders of other equity instruments	—	—
—Tax on interest of other equity instruments	—	—
Total comprehensive income attributable to holders of equity instruments	**−56**	**479**

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 2015 consolidated financial statements in chapter 5.2.2 (J).

4. Consolidated interim statement of changes in equity

	Share capital	Share premium reserve	Unrealized gains and losses	Actuarial gains and losses (pension obligation)	Retained earnings	Equity attributable to shareholders	Other equity instruments	Non controlling interest	Total equity
At 1 January 2016	100	962	686	−467	2,293	3,574	701	−16	4,259
Profit for the period	—	—	—	—	214	214	—	−1	213
Total other comprehensive income	—	—	−30	−240	—	−270	—	—	−270
Total comprehensive income	**—**	**—**	**−30**	**−240**	**214**	**−56**	**—**	**−1**	**−57**
At 31 March 2016	**100**	**962**	**656**	**−707**	**2,507**	**3,518**	**701**	**−17**	**4,202**
At 1 January 2015	100	962	737	−634	1,863	3,028	701	−20	3,709
Profit for the period	—	—	—	—	184	184	—	2	186
Total other comprehensive income	—	—	290	5	—	295	—	—	295
Total comprehensive income	**—**	**—**	**290**	**5**	**184**	**479**	**—**	**2**	**481**
Dividend paid	—	—	—	—	—	—	—	−3	−3
At 31 March 2015	**100**	**962**	**1,027**	**−629**	**2,047**	**3,507**	**701**	**−21**	**4,187**

The actuarial gains and losses decreased in 2016 by € 240 million after tax and € 317 million before tax (2015: increased by € 5 million after tax and € 7 million before tax) due to a decrease (2015 increase) primarily in the discount rate and inflation (see chapter 7).

Dividend amounting to € 170 million has been paid in May 2016 and is therefore not included in the Consolidated interim statement of changes in equity.

In March 2016, Stichting Administratiekantoor beheer financiële instellingen (NLFI) in its capacity as the sole shareholder issued a resolution that the Company's articles of association will be amended to, inter alia, split the ordinary shares in the Company's capital, currently having a nominal value of € 500 each into a higher number of ordinary shares, without decreasing the Company's aggregate issued share capital. After the stock split has been effected, the nominal value per ordinary share in the Company's capital will be decreased. The capital reduction shall be effected without repayment and without granting a discharge from the obligation to pay up the ordinary shares in the Company's issued share capital.

5. Condensed consolidated interim statement of cash flows

The table below represents the cash flows from continuing and discontinued operations. Cash flows specifically related to discontinued operations are included in chapter 9.

	2016	2015
Cash and cash equivalents as at 1 January	**2,631**	**3,135**
Cash flows from operating activities	1,681	1,856
Cash flows from investing activities	−4	−49
Cash flows from financing activities	3	−37
Cash and cash equivalents as at 31 March	**4,311**	**4,905**

	2016	2015
Total cash and cash equivalents		
Cash and cash equivalents from continuing operations	4,310	4,905
Cash and cash equivalents classified as Assets held for sale	1	—
Total cash and cash equivalents as at 31 March	**4,311**	**4,905**

In addition to the regular insurance premium received and insurance claims and benefits paid the impact of the operational cash flows in Q1 2016 are mainly due to received collateral on derivative instruments and securities lending.

The 2015 cashflows related to the discontinued operations are very limited.

Included in the cash and cash equivalents as at 31 March 2016, is € 2,973 million (31 December 2015: € 1,803 million) related to the cash collateral received on derivative instruments and securities lending and € 23 million (31 December 2015: € 6 million) related to cash collateral given. The debt to repay the cash collateral is included in the amount due to banks.

6. Notes to the condensed consolidated interim financial statements

1 General information

a.s.r. is a leading insurance company in the Netherlands. In 2016, a.s.r. sells insurance products under the following labels: a.s.r., De Amersfoortse, Ardanta, Europeesche Verzekeringen and Ditzo. a.s.r. has a total of 3,476 internal FTE's (31 December 2015: 3,650) as included in the a.s.r. annual report 2015.

ASR Nederland N.V., is a public limited company under Dutch law having its registered office located at Archimedeslaan 10, 3584 BA in Utrecht, the Netherlands. ASR Nederland N.V. has chosen the Netherlands as 'country of origin' (land van herkomst) for the issued corporate bonds which are listed on Euronext Amsterdam.

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 consolidated interim financial statements were approved by the Supervisory Board on 25 May 2016.

The condensed interim financial statements have not been audited, but the independent auditor conducted a review. The condensed consolidated interim financial information as at 31 March 2015 has not been reviewed. Consequently, the corresponding figures included in the income statement, statements of comprehensive income, changes in equity, cash flows and relating notes have not been reviewed.

2 Accounting policies

2.1 General

The consolidated interim financial statements of a.s.r. for the first quarter ended 31 March 2016 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted for use within the European Union (EU) taking into account the special purpose of this report as part of the Prospectus as a whole. They do not contain all of the information required for complete consolidated financial statements and must therefore be read in conjunction with the 2015 consolidated financial statements of a.s.r. These statements are fully included in the prospectus dated 30 May 2016.

Except for the EU endorsed amendments to the IFRS Standards and Interpretations applicable as from 1 January 2016 (described in chapter 2.3), and the change in accounting estimate as of 1 January 2016 (described in chapter 2.2), a.s.r. has prepared its consolidated interim financial statements in accordance with the same principles for financial reporting, presentation and calculation methods used for the 2015 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).

In the first quarter 2016 a.s.r. made no changes in accounting policies or presentation.

2.2 Changes in accounting estimates as of 1 January 2016

a.s.r. has made a change in accounting estimate in relation to the Liability Adequacy Test (LAT) of its insurance liabilities. Until and including 2015 a.s.r.'s accounting policy was to use the DNB-LAT (Solvency I) for assessing whether its insurance liabilities were adequate (with exception in respect of surrender value floor). As of 1 January 2016 the Solvency II regime applies to a.s.r. The DNB-LAT test is therefore no longer required. Under Solvency II the insurance liabilities are determined based on a best estimate and a risk margin using the Euro Swap curve, including a credit risk adjustment, with Ultimate Forward Rate (UFR) and a volatility adjustment. This valuation of the insurance liability consistent with Solvency II is therefore used in the LAT. The calculations under Solvency II to determine the insurance liability correspond in substance with the Solvency I test, therefore this change is classified as a change in accounting estimate. The transition to using Solvency II as the basis for the IFRS-LAT will enhance the comparability between the Solvency II reporting and IFRS reporting as from 2016 onwards.

As the insurance liabilities continue to be adequate, this change in estimate has no impact on net profit or total equity of a.s.r.

2 Accounting policies (Continued)

2.3 Changes in EU endorsed published IFRS Standards and Interpretations effective in 2016

The following other changes in the EU-endorsed IFRS standards and IFRIC interpretations are effective from 1 January 2016:

- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation.
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations.
- Amendments to IAS 16 and IAS 41: Bearer Plants.
- Amendments to IAS 27: Equity Method in Separate Financial Statements.
- Amendments to IAS 1: Disclosure Initiative.
- Annual improvements to IFRSs 2012-2014 cycle: a collection of non-urgent amendments to IFRSs, in response to issues.

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

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 2015 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.

2 Accounting policies (Continued)

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, valuate the property using the reference transaction in combination with the following valuation methods to ensure the appropriate valuation of the property:

- DCF method;
- income capitalization method.

2 Accounting policies (Continued)

DCF method

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

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

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

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

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

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

- market value per acre per region in accordance with the 'rural land price monitor';
- 10 year 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 square meter for renewals;
- reviewed rent per square meter. (based on the rent reviews performed in accordance with Section 303, Book 7 of the Netherlands Civil Code).

The fair value of investment properties and buildings for own use, are appraised annually. Valuations are 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.

2 Accounting policies (Continued)

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 2015 consolidated financial statements in chapter 5.2.2 (C).

3 Segment information

3.1 General

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 four separate segments being the Banking & Asset Management, Distribution & Services, Holding & Other and Real Estate Development.

See chapters 5.5.1 and 5.39 as included in the 2015 consolidated financial statements for the organization structure and a list of principal group companies and associates in the relevant segments.

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.

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), Dutch ID B.V. (with effect from 19 November 2015) and B.V. Nederlandse Hulpverleningsorganisatie SOS International (discontinued operations and as per January 2016 these activities are sold).
- The segment 'Holding and other' consists primarily of the holding activities of ASR Nederland N.V. (including the group related activities), other holding and intermediate holding companies and the activities of ASR Deelnemingen N.V.
- The Real estate development (continuing and discontinued operations) consists of the activities where property development occurs. These activities are performed in ASR Vastgoed Ontwikkeling N.V. and ASR Vastgoed Projecten B.V.

The eliminations applied in the reconciliation of the segment information with the consolidated interim balance sheet and the consolidated interim 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 Segment information (Continued)

3.2 Segmented balance sheet

As at 31 March 2016	Insurance		Non-insurance					
	Non-life	Life	Banking and Asset management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Intangible assets	1	141	—	42	84	—	—	268
Property, plant and equipment	—	154	—	5	10	—	—	169
Investment property	338	2,306	—	—	—	—	—	2,644
Associates and joint ventures	—	3	—	1	16	1	—	21
Investments	4,645	21,280	224	—	2,675	—	−2,624	26,200
Investments on behalf of policyholders	—	7,571	—	—	—	—	—	7,571
Loans and receivables	377	9,416	1,007	9	72	12	−32	10,861
Derivatives	8	3,619	—	—	—	—	—	3,627
Deferred tax assets	—	14	—	—	498	1	—	513
Reinsurance contracts	413	199	—	—	—	—	—	612
Other assets	165	521	−4	−1	−48	109	−71	671
Cash and cash equivalents	308	3,600	158	46	195	3	—	4,310
Assets held for sale	—	—	—	—	—	25	55	80
Total assets	**6,255**	**48,824**	**1,385**	**102**	**3,502**	**151**	**−2,672**	**57,547**
Equity attributable to holders of equity instruments	1,134	3,742	96	57	−818	8	—	4,219
Non-controlling interests	—	10	—	—	—	−17	−10	−17
Total equity	**1,134**	**3,752**	**96**	**57**	**−818**	**−9**	**−10**	**4,202**
Subordinated liabilities	15	—	—	—	497	—	−15	497
Liabilities arising from insurance contracts	4,877	30,814	—	—	—	—	−2,269	33,422
Liabilities arising from insurance contracts on behalf of policyholders	—	9,726	—	—	—	—	—	9,726
Employee benefits	—	17	—	3	3,160	—	—	3,180
Provisions	—	26	2	1	25	1	—	55
Borrowings	2	43	—	1	13	8	−14	53
Derivatives	5	577	—	—	—	—	—	582
Deferred tax liabilities	79	−477	5	−1	397	−3	—	—
Due to customers	79	859	1,240	26	−1	—	−337	1,866
Due to banks	—	2,953	—	1	—	—	—	2,954
Other liabilities	64	534	42	14	229	127	−27	983
Liabilities relating to assets held for sale	—	—	—	—	—	27	—	27
Total liabilities	**5,121**	**45,072**	**1,289**	**45**	**4,320**	**160**	**−2,662**	**53,345**
Total liabilities and equity	**6,255**	**48,824**	**1,385**	**102**	**3,502**	**151**	**−2,672**	**57,547**

6. Notes to the condensed consolidated interim financial statements (Continued)

3 Segment information (Continued)

As at 31 December 2015	Insurance		Non-insurance					
	Non-life	Life	Banking and Asset management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Intangible assets	1	144	—	43	84	—	—	272
Property, plant and equipment	—	153	—	5	8	—	—	166
Investment property	342	2,325	—	—	—	—	—	2,667
Associates and joint ventures	—	3	—	—	16	1	—	20
Investments	4,594	20,041	376	—	2,587	—	−2,535	25,063
Investments on behalf of policyholders	—	7,924	—	—	—	—	—	7,924
Loans and receivables	298	9,268	848	6	76	13	−23	10,486
Derivatives	5	2,191	—	—	—	—	—	2,196
Deferred tax assets	—	14	—	—	501	1	—	516
Reinsurance contracts	410	201	—	—	—	—	—	611
Other assets	125	604	2	—	−95	135	−60	711
Cash and cash equivalents	163	2,105	82	20	256	2	—	2,628
Assets held for sale	—	—	—	7	—	20	51	78
Total assets	**5,938**	**44,973**	**1,308**	**81**	**3,433**	**172**	**−2,567**	**53,338**
Equity attributable to holders of equity instruments	1,130	3,669	82	53	−655	—	−4	4,275
Non-controlling interests	—	9	—	—	—	−16	−9	−16
Total equity	**1,130**	**3,678**	**82**	**53**	**−655**	**−16**	**−13**	**4,259**
Subordinated liabilities	15	—	—	—	497	—	−15	497
Liabilities arising from insurance contracts	4,513	28,201	—	—	—	—	−2,141	30,573
Liabilities arising from insurance contracts on behalf of policyholders	—	9,997	—	—	—	—	—	9,997
Employee benefits	—	15	—	2	2,945	—	—	2,962
Provisions	—	24	2	1	23	—	—	50
Borrowings	2	44	—	1	20	8	−20	55
Derivatives	—	377	—	—	—	—	—	377
Deferred tax liabilities	72	−507	—	−1	437	—	−1	—
Due to customers	87	856	1,170	7	−1	—	−359	1,760
Due to banks	—	1,803	—	1	—	—	—	1,804
Other liabilities	119	485	54	12	167	147	−18	966
Liabilities relating to assets held for sale	—	—	—	5	—	33	—	38
Total liabilities	**4,808**	**41,295**	**1,226**	**28**	**4,088**	**188**	**−2,554**	**49,079**
Total liabilities and equity	**5,938**	**44,973**	**1,308**	**81**	**3,433**	**172**	**−2,567**	**53,338**

6. Notes to the condensed consolidated interim financial statements (Continued)

3 Segment information (Continued)

3.3 Segmented income statement

Q1 2016	Insurance		Non-insurance					
	Non-life	Life	Banking and Asset management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Continuing operations								
Gross premiums written	841	843	—	—	—	—	−58	1,626
Change in provision for unearned premiums	−256	—	—	—	—	—	—	−256
Gross insurance premiums	**585**	**843**	**—**	**—**	**—**	**—**	**−58**	**1,370**
Reinsurance premiums	−31	—	—	—	—	—	—	−31
Net insurance premiums	**554**	**843**	**—**	**—**	**—**	**—**	**−58**	**1,339**
Investment income	29	273	27	—	2	—	−7	324
Realized gains and losses	6	68	3	—	—	—	−21	56
Fair value gains and losses	−1	1	—	—	−1	—	—	−1
Result on investments on behalf of policyholders	—	−171	—	—	—	—	—	−171
Fee and commission income	7	—	2	15	—	—	−5	19
Other income	—	2	—	2	109	3	—	116
Share of profit/(loss) of associates and joint ventures	—	2	—	—	1	—	—	3
Total income	**41**	**175**	**32**	**17**	**111**	**3**	**−33**	**346**
Insurance claims and benefits	−440	−777	—	—	—	—	90	−1,127
Insurance claims and benefits recovered from reinsurers	23	1	—	—	—	—	—	24
Net insurance claims and benefits	**−417**	**−776**	**—**	**—**	**—**	**—**	**90**	**−1,103**
Operating expenses	−49	−48	−13	−8	−21	−1	5	−135
Restructuring provision expenses	−2	−1	—	—	—	—	—	−3
Commission expenses	−91	−5	—	—	—	—	5	−91
Impairments	—	11	—	—	—	—	—	11
Interest expenses	−1	−41	−5	—	−7	—	−16	−70
Other expenses	−3	−10	−11	−1	−13	−10	12	−36
Total expenses	**−146**	**−94**	**−29**	**−9**	**−41**	**−11**	**6**	**−324**
Profit before tax	**32**	**148**	**3**	**8**	**70**	**−8**	**5**	**258**
Income tax (expense) / gain	−7	−33	−1	−2	−17	3	−1	−58
Profit after tax from continuing operations	**25**	**115**	**2**	**6**	**53**	**−5**	**4**	**200**
Discontinued operations								
Profit (loss) from discontinued operations net of tax	—	—	—	1	—	12	—	13
Profit for the period	**25**	**115**	**2**	**7**	**53**	**7**	**4**	**213**
Profit attributable to non-controlling interests	—	—	—	—	—	1	—	1
Profit attributable to holders of equity instruments	**25**	**115**	**2**	**7**	**53**	**8**	**4**	**214**

3 Segment information (Continued)

Q1 2015	Insurance		Non-insurance					
	Non-life	Life	Banking and Asset management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Continuing operations								
Gross premiums written	830	874	—	—	—	—	−55	1,649
Change in provision for unearned premiums	−247	—	—	—	—	—	—	−247
Gross insurance premiums	**583**	**874**	**—**	**—**	**—**	**—**	**−55**	**1,402**
Reinsurance premiums	−34	−2	—	—	—	—	—	−36
Net insurance premiums	**549**	**872**	**—**	**—**	**—**	**—**	**−55**	**1,366**
Investment income	31	280	30	—	3	1	−9	336
Realized gains and losses	17	121	1	—	—	—	—	139
Fair value gains and losses	10	372	—	—	1	—	−1	382
Result on investments on behalf of policyholders	—	847	—	—	—	—	—	847
Fee and commission income	8	—	2	—	—	—	—	10
Other income	—	27	—	7	—	16	—	50
Share of profit/(loss) of associates and joint ventures	—	—	—	—	—	—	—	—
Total income	**66**	**1,647**	**33**	**7**	**4**	**17**	**−10**	**1,764**
Insurance claims and benefits	−441	−2,249	—	—	—	—	74	−2,616
Insurance claims and benefits recovered from reinsurers	23	2	—	—	—	—	—	25
Net insurance claims and benefits	**−418**	**−2,247**	**—**	**—**	**—**	**—**	**74**	**−2,591**
Operating expenses	−51	−45	−11	−4	−25	−1	6	−131
Restructuring provision expenses	−4	−1	—	—	—	—	—	−5
Commission expenses	−89	−6	—	—	—	—	—	−95
Impairments	—	—	—	—	1	—	—	1
Interest expense	—	−44	−5	—	9	—	−23	−63
Other expenses	−3	−9	−12	—	−1	−15	10	−30
Total expenses	**−147**	**−105**	**−28**	**−4**	**−16**	**−16**	**−7**	**−323**
Profit before tax	**50**	**167**	**5**	**3**	**−12**	**1**	**2**	**216**
Income tax (expense) / gain	−12	−39	−1	−1	24	—	−1	−30
Profit after tax from continuing operations	**38**	**128**	**4**	**2**	**12**	**1**	**1**	**186**
Discontinued operations								
Profit (loss) from discontinued operations net of tax	—	—	—	—	—	—	—	—
Profit for the period	**38**	**128**	**4**	**2**	**12**	**1**	**1**	**186**
Profit attributable to non-controlling interests	—	−1	—	—	—	−1	—	−2
Profit attributable to holders of equity instruments	**38**	**127**	**4**	**2**	**12**	**—**	**1**	**184**

6. Notes to the condensed consolidated interim financial statements (Continued)

3 Segment information (Continued)

3.4 Non-life ratios

Combined ratio segment Non-life	Q1 2016	Q1 2015
Claims ratio	72.4%	72.6%
Commission ratio	15.1%	14.8%
Expense ratio	8.5%	9.1%
Combined ratio	96.0%	96.5%
Combined ratio		
Disability	91.3%	93.9%
Health	100.7%	99.6%
Property & Casualty	96.4%	96.4%

The claims, commission and expense ratios can be calculated based on the following information:

	Q1 2016	Q1 2015
Net insurance premiums Non-life	554	549
Net insurance claims and benefits	−417	−418
Adjustments:		
—Compensation capital gains (Disability)	2	7
—Interest accrual on provisions (Disability)	15	15
—Prudence margin (Health)	−2	−3
Total adjustments	15	19
Net insurance claims and benefits (after adjustments)	**−402**	**−398**
Fee and commission income	7	8
Commission expenses	−91	−89
Commission	**−84**	**−81**
Operating expenses	−49	−51
Adjustments made for investment charges	2	1
Operating expenses (after adjustments)	**−47**	**−50**

6. Notes to the condensed consolidated interim financial statements (Continued)

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:

31 March 2016	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Investment property—Fair value model				
Retail	—	—	557	557
Residential	—	—	682	682
Rural	—	—	1,177	1,177
Offices	—	—	162	162
Development investment property	—	—	17	17
Other	—	—	49	49
	—	**—**	**2,644**	**2,644**
Investments on behalf of policyholders : Investment property	**—**	**—**	**186**	**186**
Land and buildings for own use	**—**	**—**	**156**	**156**
Total	**—**	**—**	**2,986**	**2,986**

31 December 2015	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Investment property—Fair value model				
Retail	—	—	605	605
Residential	—	—	677	677
Rural	—	—	1,154	1,154
Offices	—	—	176	176
Development investment property	—	—	14	14
Other	—	—	41	41
	—	**—**	**2,667**	**2,667**
Investments on behalf of policyholders : Investment property	**—**	**—**	**205**	**205**
Land and buildings for own use	**—**	**—**	**155**	**155**
Total	**—**	**—**	**3,027**	**3,027**

4 Property (including land and buildings for own use) (Continued)

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

	31 March 2016	31 December 2015
At 1 January	2,667	2,833
Changes in value of investments, realized/unrealized gains and losses:		
—Fair value gains and losses	40	58
Purchases	31	192
Disposals	−93	−453
Transferred between investments on behalf of policyholders and investment property	−1	27
Transferred from property, plant and equipment	—	10
Total	**2,644**	**2,667**

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:

	31 March 2016	31 December 2015
Investments		
Available for sale	26,073	24,930
Investments at fair value through profit and loss	127	133
	26,200	**25,063**
Loans and receivables	10,861	10,486
Derivatives assets	3,627	2,196
Derivatives liabilities	−582	−377
Cash and cash equivalents	4,310	2,628
	18,216	**14,933**
Investments on behalf of policyholders		
At fair value through profit and loss	7,571	7,924
Total	**51,987**	**47,920**

The total derivatives have increased in 2016 by € 1,226 million as a result of € 1,431 million increase in the derivatives with a positive value and an increase of € 205 million of derivatives with a negative value. This net increase in fair value can be attributed primarily to the interest-rate derivatives due the decrease of the long term yields.

5 Financial assets and derivatives (Continued)

5.2 Recurring fair value measurement of financial assets and derivatives

The breakdown of financial assets and derivatives measured at fair value (recurring basis) in accordance with the level of fair value hierarchy, is as follows:

31 March 2016	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Investments available for sale				
Government bonds	13,561	—	—	13,561
Corporate bonds	8,511	918	—	9,429
Debt certificates covered by mortgage	160	18	—	178
Debt certificates covered by other assets	103	—	—	103
Equities	2,276	333	91	2,700
Other participating interests	1	—	—	1
Other investments	101	—	—	101
	24,713	**1,269**	**91**	**26,073**
Investments at fair value through profit and loss				
Unlisted equities	—	—	54	54
Listed equities	73	—	—	73
	73	**—**	**54**	**127**
Derivatives				
Exchange rate contracts	—	5	—	5
Interest rate contracts	—	3,582	—	3,582
Equity index contracts	40	—	—	40
Total assets	**40**	**3,587**	**—**	**3,627**
Exchange rate contracts	—	−1	—	−1
Interest rate contracts	—	−559	—	−559
Inflation linked swaps	—	−22	—	−22
Total liabilities	**—**	**−582**	**—**	**−582**
	40	**3,005**	**—**	**3,045**
Cash and cash equivalents	**4,310**	**—**	**—**	**4,310**
Investments on behalf of policyholders				
Government bonds	1,187	—	—	1,187
Corporate bonds	1,335	—	—	1,335
Listed equities	2,971	—	—	2,971
Listed equity funds	1,742	—	—	1,742
Investment property	—	—	186	186
Other investments	—	150	—	150
	7,235	**150**	**186**	**7,571**
Total	**36,371**	**4,424**	**331**	**41,126**

6. Notes to the condensed consolidated interim financial statements (Continued)

5 Financial assets and derivatives (Continued)

31 December 2015	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Investments available for sale				
Government bonds	11,962	—	—	11,962
Corporate bonds	8,867	581	—	9,448
Debt certificates covered by mortgage	260	—	—	260
Debt certificates covered by other assets	110	—	—	110
Equities	2,679	326	42	3,047
Other participating interests	1	—	—	1
Other investments	102	—	—	102
	23,981	**907**	**42**	**24,930**
Investments at fair value through profit and loss				
Unlisted equities	—	—	59	59
Listed equities	74	—	—	74
	74	**—**	**59**	**133**
Derivatives				
Interest rate contracts	—	2,165	—	2,165
Equity index contracts	31	—	—	31
Total assets	**31**	**2,165**	**—**	**2,196**
Exchange rate contracts	—	−2	—	−2
Interest rate contracts	—	−369	—	−369
Inflation linked swaps	—	−6	—	−6
Total liabilities	**—**	**−377**	**—**	**−377**
	31	**1,788**	**—**	**1,819**
Cash and cash equivalents	**2,628**	**—**	**—**	**2,628**
Investments on behalf of policyholders				
Government bonds	1,215	—	—	1,215
Corporate bonds	1,390	—	—	1,390
Listed equities	3,469	—	—	3,469
Listed equity funds	1,476	—	—	1,476
Investment property	—	—	205	205
Other investments	—	169	—	169
	7,550	**169**	**205**	**7,924**
Total	**34,264**	**2,864**	**306**	**37,434**

The equities consists primarily of listed equities and investment funds.

The unlisted equities consist mainly of private equity investments.

5 Financial assets and derivatives (Continued)

The following table shows the movement in financial assets and liabilities measured at fair value (recurring basis) including investment on behalf of policyholders and investment property that are categorized within level 3.

Fair value of financial assets classified as fair value through profit and loss	Investments at fair value through profit and loss 2016	Investments at fair value through profit and loss 2015	Investments available for sale 2016	Investments available for sale 2015
At 1 January	264	301	42	35
Changes in value of investments, realized/ unrealized gains and losses:				
—Fair value gains and losses	−3	−2	—	—
—Realized gains and losses	−2	—	—	14
—Recognized in Other comprehensive income (unrealized gains and losses)	—	—	—	−7
Purchases	3	23	49	61
Sales	−23	−31	—	−53
Reclassification of investments from/to Level 3 valuation technique	—	—	—	−8
Transfer between investments on behalf of policyholders and investment property	1	−27	—	—
At 31 March (31 December 2015)	**240**	**264**	**91**	**42**

The main non-observable market input, for the equities classified as level 3, is the net asset value of the investment as published by the investee. An increase or decrease in the net asset value of the equities will have a direct proportional impact on the fair value of the investment. As a result the effect for the available for sale investments is recorded in the equity if the impairment criteria are met. For investments at fair value through profit and loss the result will be recognized in the income statement.

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

5 Financial assets and derivatives (Continued)

5.3 Non-recurring fair value measurement of financial assets and liabilities

The breakdown of the fair values of financial assets and liabilities not measured at fair value (non-recurring basis) in accordance with the level of fair value hierarchy, is as follows:

	Fair value based on quoted prices in an active market	Fair value based on observable market data	Fair value not based on observable market data		
	Level 1	**Level 2**	**Level 3**	**Total fair value**	**Total carrying value**
31 March 2016					
Financial assets					
Due from customers	—	7,801	—	7,801	6,991
Due from banks	—	5,055	—	5,055	3,134
Trade and other receivables	—	736	—	736	736
Total financial assets	**—**	**13,592**	**—**	**13,592**	**10,861**
Financial liabilities					
Subordinated liabilities	509	—	—	509	497
Borrowing	—	53	—	53	53
Due to customers	1,240	626	—	1,866	1,866
Due to banks	2,954	—	—	2,954	2,954
Other liabilities	23	960	—	983	983
Total financial liabilities	**4,726**	**1,639**	**—**	**6,365**	**6,353**
31 December 2015					
Financial assets					
Due from customers	—	7,576	—	7,576	6,824
Due from banks	—	4,723	—	4,723	3,056
Trade and other receivables	—	606	—	606	606
Total financial assets	**—**	**12,905**	**—**	**12,905**	**10,486**
Financial liabilities					
Subordinated liabilities	502	—	—	502	497
Borrowing	—	55	—	55	55
Due to customers	1,170	590	—	1,760	1,760
Due to banks	1,804	—	—	1,804	1,804
Other liabilities	35	931	—	966	966
Total financial liabilities	**3,511**	**1,576**	**—**	**5,087**	**5,082**

6. Liabilities arising from insurance contracts

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

	Gross		of which reinsurance	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Provision for unearned premiums	659	403	5	4
Provision for claims (including IBNR)	4,218	4,110	408	406
Non-life insurance contracts	**4,877**	**4,513**	**413**	**410**
Life insurance contracts	**28,545**	**26,060**	**199**	**201**
Total liabilities arising from insurance contracts	**33,422**	**30,573**	**612**	**611**

6. Liabilities arising from insurance contracts (Continued)

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

	Gross		of which reinsurance	
	2016	2015	2016	2015
Provision for unearned premiums				
At 1 January	403	419	4	10
Changes in provision for unearned premiums	256	−16	1	−6
Provision for unearned premiums as at 31 March 2016 (31 December 2015)	**659**	**403**	**5**	**4**
Provision for claims (including IBNR)				
At 1 January	4,111	4,152	406	409
Benefits paid	−457	−1,714	−21	−82
Changes in provision for claims	440	1,745	23	79
Changes in shadow accounting through equity	130	−73	—	—
Changes in shadow accounting through income	−6	—	—	—
Provision for claims (including IBNR) as at 31 March 2016 (31 December 2015)	**4,218**	**4,110**	**408**	**406**
Non-life insurance contracts as at 31 March 2016 (31 December 2015)	**4,877**	**4,513**	**413**	**410**

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

	Gross		of which reinsurance	
	2016	2015	2016	2015
At 1 January	26,101	23,715	201	—
Premiums received	597	1,172	—	201
Regular interest added	176	653	1	—
Realized gains and losses	23	1,178	—	—
Amortization of realized gains	−66	−197	—	—
Benefits	−326	−1,357	−3	—
Technical result	−31	−62	—	—
Release of cost recovery	−41	−144	—	—
Changes in shadow accounting through equity	907	−713	—	—
Changes in shadow accounting through income	1,246	−1,179	—	—
Other changes	1	−133	—	—
Changes in the composition of the group	—	3,168	—	—
At 31 March (31 December 2015)	**28,587**	**26,101**	**199**	**201**
Interest margin participations to be written down				
At 1 January	−49	−67	—	—
Write-down recognized in profit and loss	4	17	—	—
Other changes	1	1	—	—
At 31 March (31 December 2015)	**−44**	**−49**	**—**	**—**
Provision for discretionary profit-sharing, bonuses and discounts				
At 1 January	8	7	—	—
Profit-sharing, bonuses and discounts granted in the financial year	−6	−1	—	—
Changes in the composition of the group	—	2	—	—
At 31 March (31 December 2015)	**2**	**8**	**—**	**—**
Total life insurance contracts at 31 March (31 December 2015)	**28,545**	**26,060**	**199**	**201**

6. Liabilities arising from insurance contracts (Continued)

Premiums received in 2016 include the premiums related to the acquired insurance portfolio, NIVO Uitvaartverzekeringen amounting to € 326 million.

7. Employee benefits

The employee benefits increased by € 218 million to € 3,180 million (31 December 2015 € 2,962 million) primarily as a result of the remeasurements of the post-employment benefit obligation amounting to € 317 million which is included in the actuarial gains and losses. The remeasurements are primarily due to the decrease in the discount rate from 2.5% at 31 December 2015 to 1.8% at 31 March 2016. 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 2015.

Furthermore, following recent development after April 2016, past service cost has been recognized in other income amounting to € 100 million, resulting from the 2014 amendment to the a.s.r. post-employment benefit plan for future inflation indexation for former employees. Hereby all future inflation indexation has become conditional upon there being sufficient funds available in the separate account that was set up in 2014 to fund future inflation indexation.

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). Subsequently, a.s.r. investigated during the one-year window (i.e. January 2016) if any adjustments against the goodwill should be recognized for finalization of the purchase accounting. a.s.r. concluded that no changes were required.

9. Discontinued operations and assets held for sale and related liabilities

At the end of 2015 the real estate development activities were legally divided into ASR Vastgoed Ontwikkeling N.V. and ASR Vastgoed Projecten B.V. The Executive Board has decided to look for a strategic buyer for the discontinued part and therefore classify a part of its real estate development business as 'held for sale'. The activities undertaken by ASR Vastgoed Ontwikkeling N.V. were considered as discontinued operations and the activities of ASR Vastgoed Projecten B.V. are partially considered as continuing and partially as discontinuing activities. With this in mind, the discontinuing operations are recognized as held for sale in the balance sheet. As a consequence, the financial results of the discontinuing real estate development business are disclosed in condensed form in the income statement. Its financial performance is not part of the profit before tax from continuing operations. In April 2016 a.s.r. and Meijer Realty Partners (MRP) announced they have agreed that MRP will acquire ASR Vastgoed Ontwikkeling N.V. and transfer has occurred in April 2016 and as such derecognition will occur in Q2 2016.

As part of a drive to focus more on core activities, B.V. Nederlandse Hulpverleningsorganisatie-SOS International is classified as 'discontinued operations' in 2015. As a consequence, the financial results of SOS International are disclosed in condensed form in the income statement. With this in mind, the operations are recognized as held for sale in the balance sheet. Its financial performance is not part of the profit before tax from continuing operations. In January 2016 CED-Group acquired B.V. Nederlandse Hulpverleningsorganisatie SOS International and as such derecognition has occured.

The results of the discontinued operations are as follows:

Results of discontinued operations	Q1 2016	Q1 2015
Total income	5	7
Total expenses	11	−7
Results before tax	**16**	**—**
Income tax (expense) / gain	−3	—
Result for the period	**13**	**—**

9. Discontinued operations and assets held for sale and related liabilities (Continued)

The reversal of a previously recognized impairment loss amounting to € 17 million has been recognised in total expenses relating to discontinued real estate development operations.

The assets and liabilities related to assets held for sale can be summarized as follows:

	31 March 2016	31 December 2015
Intangible assets	—	1
Associates and joint ventures	14	8
Loans and receivables	7	17
Deferred tax assets	—	7
Other assets	58	42
Cash and cash equivalents	1	3
Total assets held for sale	**80**	**78**
Provisions	4	12
Borrowings	14	11
Deferred tax liabilities	—	1
Other liabilities	9	14
Total liabilities related to assets held for sale	**27**	**38**

The cash flow primarily relating to investing activities amounts to € 1 million for the sale of SOS International.

10. Contingent liabilities

The developments in 2016, in the costs of the compensation scheme for unit-linked insurance contracts have had no significant effect on the related contingent liability. Further information related to contingent liabilities is disclosed in the 2015 consolidated financial statements in chapters 5.37.

11. Events after the balance sheet date

In January 2016, the Group entered into an agreement to acquire BNG Vermogensbeheer B.V. from N.V. Bank Nederlandse Gemeenten and the acquisition was completed in May 2016. Following the acquisition the entity was renamed as ASR Vermogensbeheer B.V. ASR Vermogensbeheer is an asset manager previously focused on the public sector but currently moving to the private sector (in particular, charitable foundations), with a portfolio valued at nearly €5 billion. The Group expects that the acquisition will strengthen its position on the Dutch market for external asset management. The entire ASR Vermogensbeheer team of 10 FTEs will form part of the Banking and asset management segment. The closing took place in May 2016. From this date ASR Vermogensbeheer B.V. will be included in the Banking and asset management segment.

Review report

To: The Supervisory Board of ASR Nederland N.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial information as at 31 March 2016 of ASR Nederland N.V., Utrecht, which comprises the consolidated interim balance sheet as at 31 March 2016, the consolidated interim income statement and the consolidated interim statements of comprehensive income, changes in equity, and cash flows for the period of three months ended 31 March 2016, and the notes. The Executive Board of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 31 March 2016 is not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Corresponding figures not reviewed

The condensed consolidated interim financial information as at 31 March 2015 is not reviewed. Consequently, the corresponding figures included in the consolidated interim income statement and the consolidated interim statements of comprehensive income, changes in equity and cash flows and the relating notes have not been reviewed.

Utrecht, 25 May 2016

KPMG Accountants N.V.

P. Smit RA

5.1 Consolidated financial statements

5.1.1 Consolidated balance sheet

(before profit appropriation)

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

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

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

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

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

5.1 Consolidated financial statements (Continued)

5.1.2 Consolidated income statement

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

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

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

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

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

5.1 Consolidated financial statements (Continued)

5.1.3 Consolidated statement of comprehensive income

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

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

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

5.1 Consolidated financial statements (Continued)

5.1.4 Consolidated statement of changes in equity

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

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

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

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

5.1 Consolidated financial statements (Continued)

5.1.5 Consolidated statement of cash flows

The table below represents the cash flows from continuing and discontinued operations. Cash flows specifically related to discontinued operations are included in chapter 5.36.

a.s.r. believes that this disclosure is relevant for users of financial statements to fully understanding of the cash flow and the relationship with other statements.

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

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

5.1 Consolidated financial statements (Continued)

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

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

5.2 Accounting policies

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

a.s.r. has made voluntary changes in its accounting policies for investment property, property for own use and deferred acquisition costs (DAC) as of 1 January 2015. The DNB solvency ratio remains unchanged following these voluntary changes.

In accordance with IFRS the changes in accounting policy for investment property and DAC are applied retrospectively whereby the 2014 and 2013 comparative figures are restated. The change for property for own use is applied prospectively as a revaluation with effect from 1 January 2015 and the 2014 and 2013 comparative figures are not restated. The change in accounting policy results in an increase of total equity as at 31 December 2014 of € 682 million (2013: € 642 million) which results in total equity after tax from € 3,027 million (2013: € 3,015 million) to € 3,709 million (2013: € 3,657 million).

Investment property and property for own use

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

5.2 Accounting policies (Continued)

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

Deferred acquisition costs

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

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

Changes in presentation

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

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

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

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

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

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

Financial impact of changes in accounting policies and changes in presentation

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

Furthermore, in line with IFRS accounting requirements, the income statement and statement of comprehensive income have been restated for all operations that are classified as discontinued operations

5.2 Accounting policies (Continued)

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

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

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

5.2 Accounting policies (Continued)

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

5.2 Accounting policies (Continued)

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

5.2 Accounting policies (Continued)

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

5.2 Accounting policies (Continued)

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

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

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

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

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

5.2 Accounting policies (Continued)

Other changes

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

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

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

Changes in EU endorsed published IFRS Standards and Interpretations effective in 2016

The following changes in the EU-endorsed IFRS standards and IFRIC interpretations are effective from 1 January 2016:

- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation.
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations.
- Amendments to IAS 16 and IAS 41: Bearer Plants.
- Amendments to IAS 27: Equity Method in Separate Financial Statements.
- Amendments to IAS 1: Disclosure Initiative.
- Annual improvements to IFRSs 2012-2014 cycle: a collection of non-urgent amendments to IFRSs, in response to issues.

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

5.2.2 Key accounting policies

A. Statement of compliance

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

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

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

B. Estimates and assumptions

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

These relate primarily to the following:

- the fair value and impairments of unlisted financial instruments (see accounting policy C and F);
- the estimated useful life, residual value and fair value of property, plant and equipment, investment property, and intangible assets (see accounting policy D, E and U);

- the measurement of liabilities arising from insurance contracts (see accounting policy J);
- actuarial assumptions used for measuring employee benefit obligations (see chapter 5.17);
- when forming provisions, the required estimate of existing obligations arising from past events;
- the recoverable amount of impaired assets (see accounting policy C, F and H).

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

C. Fair value of assets and liabilities

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

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

Fair value hierarchy

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

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

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

A financial instrument is quoted in an active market if:

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

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

Level 2. Fair value based on observable market data

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

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

This category primarily includes:

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

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

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

Financial instruments: Loans and receivables

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

The valuation method used to determine the fair value of a.s.r.'s mortgage portfolio bases the spread on the interest rate curve for discounting the mortgage portfolio cash flows on consumer rates.

Other non-financial assets and liabilities

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

Level 3. Fair value not based on observable market data

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

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

This category primarily includes:

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

Financial instruments: private equity investments

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

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

5.2 Accounting policies (Continued)

Fair value for investment property and buildings for own use

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

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

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

Reference transactions

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

- DCF method;
- income capitalization method.

DCF method

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

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

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

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

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

5.2 Accounting policies (Continued)

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

- market value per acre per region in accordance with the 'rural land price monitor';
- 10 Year Dutch Government Bond Yield (%) as published by the Dutch Central Bank.

Income capitalization method

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

The significant inputs for retail valuations are the reversionary yield and the market or reviewed rental value. These inputs are generally verified with the following observable data (that are adjusted to reflect the state and condition, location, development potential etc. of the specific property):

- market rent per square meter for renewals;
- reviewed rent per square meter (based on the rent reviews performed in accordance with Section 303, Book 7 of the Netherlands Civil Code).

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

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

D. Intangible assets

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

Goodwill

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

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

5.2 Accounting policies (Continued)

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

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

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

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

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

Value of Business Acquired

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

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

E. Investment property

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

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

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

5.2 Accounting policies (Continued)

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

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

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

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

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

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

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

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

F. Investments

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

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

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

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss include:

- derivatives that do not qualify for hedge accounting (see accounting policy C and I); and
- financial assets, designated by a.s.r. as carried at fair value through profit and loss. This option is available whenever:
  - it eliminates or significantly reduces a measurement inconsistency that would otherwise arise from measuring assets or liabilities on different bases (accounting mismatch); or

- a.s.r. manages a group of financial instruments (assets, liabilities or both) on the basis of fair value in accordance with a documented risk management or investment strategy;
- the financial assets contain one or more embedded derivatives and a.s.r. does not separate the derivative from the host contract.

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

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

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

Financial assets available for sale

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

Impairment of financial assets

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

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

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

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

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

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

5.2 Accounting policies (Continued)

G. Investments on behalf of policyholders

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

H. Loans and receivables

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

Receivables from clients

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

Receivables from banks

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

Trade and other receivables

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

Impairment of loans and receivables

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

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

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

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

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

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

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

I. Derivatives and hedge accounting

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

Cash flow hedge accounting is currently applied only to a limited extent in relation to property development activities.

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

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

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

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

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

J. Liabilities arising from insurance contracts

General

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

Liabilities arising from non-life insurance contracts

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

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

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

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

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

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

Liabilities arising from life insurance contracts

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

exposure. No addition to the provision for longevity risk is recognized if the outcome of the LAT (see below) indicates that the total amount of the provision is adequate.

Additional provisions are generally recognized for realized gains or losses on financial assets allocated to:

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

These financial assets include fixed-income financial assets available for sale, specific financial assets designated at fair value through profit and loss, and specific derivatives (i.e. swaptions, interest rate swaps and inflation rate swaps). The realized gains or losses are amortized based on the remaining maturity period of the disposed financial assets. The realized gains or losses and the amortization thereof are included in net insurance claims and benefits.

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

Reinsurance liabilities

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

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

Life insurance contracts with a discretionary participation features (DPF)

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

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

Shadow accounting

The Group's insurance accounting policies include the application of shadow accounting which is a specialized accounting treatment commonly utilized in insurance accounting and is permitted under IFRS.

The purpose of shadow accounting is to help reduce potential accounting mismatches which can occur when related assets and liabilities:

- are measured on a different basis; or
    - have changes in their measurements recorded in different IFRS performance statements (Income Statement or OCI).

Under the Group's shadow accounting, adjustments are made to the insurance liability to reflect the unrealized gain or loss from the financial instruments backing these insurance liabilities.

The Group's shadow accounting policy is applied to certain types of insurance liabilities:

- insurance contracts with participation features;
- non-participating insurance contracts if and to the extent that the IFRS LAT would be triggered. This would be the case when current interest rates are lower than the interest rates that were used in the pricing principles at inception of the insurance contract.

5.2 Accounting policies (Continued)

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

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

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

No shadow accounting is applied to:

- impairments;
- revaluations of debt instrument that have been subject to impairment.

IFRS Liability Adequacy Test Non-life

The Liability Adequacy Test (LAT) is performed at each reporting date to assess the adequacy of insurance liabilities for Non-life.

Where the Property and Casualty (motor, fire and liability) and Health liabilities business is concerned, the LAT is performed using statistical analyses. Any identified losses are used as a basis for estimating future claims arising from an insurance contract from the portfolio on the balance sheet date. This is the best estimate. An appropriate risk margin is added. The risk margin is determined for each homogeneous risk group using the Cost of Capital (CoC) method that is also used for Life. For Non-life a CoC rate of 6% (2014: 6%; 2013: 6%) is used, except for disability—Similar to Life Techniques (SLT) where the Life CoC rate of 5% (2014: 5%; 2013: 4%) is used. The total of best estimate and risk margin is compared to the technical provision recorded in the balance sheet.

The LAT for the disability portfolio is based on cash flow projections using realistic assumptions comparable to the LAT for the life portfolio (see below).

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

IFRS Liability Adequacy Test Life

The LAT is performed at each reporting date to assess the adequacy of insurance liabilities. Liabilities are adequate if the technical provision recognized in a.s.r.'s balance sheet for Life segment as a whole at least equals the best estimate of the life insurance liabilities including an appropriate risk margin. If there is a deficiency in the life insurance liabilities, those liabilities are increased to adequate levels through a charge to the income statement.

Also unrecognized gains and losses from relevant assets that are not carried at fair value in the balance sheet are taken into account to the extent these assets are allocated to cover the insurance liabilities. The various elements of the Liability Adequacy Test are further discussed below.

Best estimate

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

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

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

Risk margin

The risk margin is determined for each homogeneous risk group using the CoC method. For life a CoC rate of 5% (2014: 5%; 2013: 4%) is used. a.s.r. uses the latest standard Solvency II model, to quantify the risks. The risks that are incorporated in the risk margin are: mortality, longevity, disability, lapse, catastrophe, expense and operational risk. A projection of expected future risks is made and all these risks are projected into the future. The total risk for every future year is determined based on correlations between the risks described in the Solvency II standard model. The projected total risk for every year is multiplied by a cost of capital charge and discounted at the balance sheet date.

Dutch Central Bank Liability Adequacy Test

For the De Nederlandsche Bank (DNB, which is the Dutch Central Bank and insurance regulator) solvency (regulatory solvency) a.s.r. uses the Dutch Central Bank Liability Adequacy Test (DNB LAT). As no surrender value floor is applied in the IFRS LAT, the LAT used for IFRS purpose ('LAT' or 'IFRS LAT'), as described above, differs from the DNB LAT.

See the 'Wet op het financieel toezicht' (The Dutch Act on Financial Supervision which regulates the supervision of financial institutions in the Netherlands) for further explanation on surrender value floors and prudential filters.

Options embedded in insurance contracts

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

K. Liabilities arising from insurance contracts on behalf of policyholders

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

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

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

Liabilities arising from insurance contracts on behalf of policyholders also include obligations in connection with savings pools and group pension contracts, with policyholders bearing the investment risk. These liabilities also include a provision for compensation of possible high cost of the unit linked insurance contracts, as agreed in 2008 with the consumer organizations. The additional compensation related to the unit linked insurance contracts for the past has been included in the insurance liability and is therefore included in the investment portfolio. In addition, there is still a provision for compensation for claimants and compassionate and supportive policy 'flankerend beleid'. The provision also contains an amount for

future additional expenses for the implementation and conversion of systems related to the compensation and surrenders of the related insurance contracts.

For the LAT relating to the liabilities arising from insurance contracts on behalf of policyholders see accounting policy J.

L. Employee benefits (IAS 19)

Pension obligations

A number of defined benefit plans for own staff exist. These are schemes under which staff are awarded pension benefits upon retirement, usually dependent on one or more factors, such as years of service and compensation. The defined benefit obligation is calculated at each reporting date by independent actuaries. The majority of employees are formally employed by ASR Nederland N.V. A limited amount of employees are employed by other group companies.

The liability in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of the plan assets where the pension plans are insured by third parties.

ASR Levensverzekering N.V. and another group insurance entity administer most of the post-employment benefit plans and hold the investments that are intended to cover the employee benefit obligation. These investments do not qualify as plan assets in the consolidated financial statements under IFRS.

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

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

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

When employee benefit plans are modified and when no further obligations exist, a gain or loss, resulting from the changes are recognized directly in the income statement.

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

Other long-term employee benefits

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

Other post-retirements obligations

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

Vacation entitlements

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

5.2 Accounting policies (Continued)

M. Discontinued operations and assets and liabilities held for sale

Classification as held for sale occurs when the carrying amount were recovered principally through a sale transaction rather than through continuing use. This is only the case when the sale is highly probable:

- The disposal group or group of assets is available for immediate sale in its present condition;
- a.s.r. is committed to a plan to sell these assets and has an active programme to locate a buyer;
- The sale is expected to occur within one year from the date of classification as held for sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When a group of assets classified as held for sale represents a major line of business or geographical area the disposal group classifies as discontinued operations.

Assets classified as held for sale (including assets of operations which are discontinued) are recorded at the lower of their carrying amount and their fair value, less the expected cost to sell the assets.

Any impairment is restricted to the carrying amount of the non-current assets within the scope of IFRS 5 measurement requirements. The comparative consolidated income statement and consolidated statement of comprehensive income have been restated to show the discontinued operations separately from the continuing operations.

Where applicable in the notes to the financial statements the reclassification to assets held for sale and liabilities related to assets held for sale are recognized in the changes in the composition of the group.

N. Acquisitions (Business combinations)

Acquisitions are accounted for according to the acquisition method, with the cost of the acquisitions being allocated to the fair value of the acquired identifiable assets, liabilities and contingent liabilities. Goodwill, being the difference between the cost of the acquisition and a.s.r.'s interest in the fair value of the acquired identifiable assets, liabilities and contingent liabilities on the acquisition date, is capitalized as an intangible asset. Any gain on bargain purchase (negative goodwill) is recognized directly in the statement of profit or loss. Any change, in the fair value of acquired assets and liabilities at the acquisition date, determined within one year after acquisition, is recognized as an adjustment charged to goodwill in case of a preliminary valuation. Adjustments that occur after a period of one year are recognized in the statement of profit or loss.

Adjustments to the purchase price that are contingent on future events, and to the extent that these are not already included in the purchase price, are included in the purchase price of the acquisition at the time the adjustment is likely and can be measured reliably.

Where applicable in the notes to the financial statements the acquisitions are recognized in the changes in the composition of the group.

5.2.3 Other accounting policies

O. Basis for consolidation—subsidiaries

The consolidated financial statements include the financial statements of ASR Nederland N.V. and its subsidiaries.

Subsidiaries are those entities over which a.s.r. has control.

Control exists when a.s.r. is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. This is the case if more than half of the voting rights may be exercised or if a.s.r. has control in any other manner.

Subsidiaries are fully consolidated from the date on which control is acquired by a.s.r. Subsidiaries are deconsolidated when control ceases to exist.

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

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

Intragroup transactions

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

P. Product classification

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

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

Non-life insurance contracts

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

Life insurance contracts

Life insurance contracts (in cash) include savings-linked mortgages, annuities, term insurance policies, savings contracts and funeral insurance contracts. In addition to non-participating life insurance contracts, the insurance portfolio also includes:

- individual and group participating contracts;
- individual contracts with discretionary participation features (see accounting policy J);
- group contracts with segregated pools with return on investment guarantees.

Life insurance contracts on behalf of policyholders

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

Q. Segment information

At organizational level, a.s.r.'s operations have been divided into six operating segments. The main segments are the Non- life segment and Life segment where in all insurance activities are presented. The noninsurance activities are presented as four separate segments being the Banking and Asset Management, Distribution and Services, Holding and Other and Real Estate Development (Discontinued operations) segment. There is a clear difference between the risk and return profiles of these six segments.

Intersegment transactions or transfers are conducted at arm's length conditions. For detailed information per segment, see chapter 5.5, 'Segment information'.

5.2 Accounting policies (Continued)

R. Transaction date and settlement date

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

S. Securities lending

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

T. Statement of cash flows

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

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

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

U. Property, plant and equipment

Property held for own use

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

After initial recognition, property for own use is valued at fair value based on the methodology used to determine the fair value of the investment property (see accounting policy C). The purpose of a valuation is to determine the value for which the asset would be transferred between willing parties in a transaction at arm's length.

Increase in the fair value exceeding the cost price is added to the revaluation reserve in shareholders' equity, less deferred taxes. Decreases in the fair value that offset previous increases of the same asset, are charged against the revaluation reserve. The revaluation reserve cannot be negative. All other decreases in fair value are accounted for in the income statement.

Increases that reverse a revaluation decrease on the same asset previously recognized in net result are recognized in the income statement.

Buildings are depreciated using the straight-line method based on expected useful life, taking into account their fair value amount, the residual value from the time when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The useful life of buildings is assessed annually for every individual component (component approach).

5.2 Accounting policies (Continued)

Property is classified into the following components and their maximum life:

Components (expressed in years)	
Land	N.A.
Shell	50
Outer layer	30
Systems	20
Fittings and fixtures	15

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

Upon the sale of a property, the part of the revaluation reserve related to the sold property, within equity, is transferred to 'other reserves' and is not reclassified to the income statement. Therefore annually a transfer is also made from the revaluation reserve related to 'other reserves' in line with the depreciation recognized in the income statement for the revalued portion.

Equipment

Equipment is recognized at cost, less accumulated depreciation and/or any accumulated impairment losses. Cost corresponds with the cash paid or the fair value of the consideration given to acquire the asset. The accounting policy for equipment is unchanged.

Equipment is depreciated over their useful lives, which are determined individually (usually between three and five years). Repair and maintenance costs are charged to the income statement in the period in which they are incurred. Expenses incurred after the acquisition of an asset are capitalized if it is probable that the future economic benefits will flow to a.s.r. and the cost of the asset can be measured reliably.

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

V. Associates and joint ventures

Associates

Associates are entities over which a.s.r. has significant influence on operating and financial contracts, without having control.

Associates are recognized using the equity method of accounting from the date at which a.s.r. acquires significant influence until the date at which such influence ceases. This means that associates are initially recognized at cost, including any goodwill paid. This value is subsequently adjusted to take account of a.s.r.'s share of the associate's comprehensive income. Comprehensive income is adjusted in accordance with the accounting principles used by a.s.r.

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

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

Joint ventures

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

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

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

Joint operations

a.s.r has a limited number of non-material joint operations. These are recognized in relation to a.s.r.'s interest in the joint operation's individual balance sheet and income statement items.

W. Reinsurance contracts

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

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

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

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

X. Other assets

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

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

Y. Cash and cash equivalents

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

Z. Equity

Share capital and share premium reserve

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

Reserve for unrealized gains and losses

This reserve consists of:

- unrealized gains and losses from financial assets available for sale net of tax and taking account of adjustments due to shadow accounting (see accounting policy J);
- The share of unrealized gains and losses of associates and joint ventures held by a.s.r. (see accounting policy V);
- unrealized gains and losses on the effective portion of cash flow hedges net of tax (see accounting policy I);
- unrealized change in value of property for own use (see accounting policy U);
- reserve for discretionary participation features (see accounting policy J);
- reserve for exchange rate differences arising from financial assets available for sale.

5.2 Accounting policies (Continued)

Actuarial gains and losses

Actuarial gains and losses result from the post-employment benefit pension plans (see accounting policy L).

Retained earnings

Retained earnings also include other reserves.

Non-controlling interest

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

Other equity instruments

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

Dividends on ordinary share capital

Dividends on ordinary shares are recognized as a liability and recognized in equity when they are approved by a.s.r.'s shareholders. Interim dividends are recognized in equity when they are paid.

Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date.

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

AA. Financing

On initial recognition, debt instruments and other loans are stated at fair value, net of transaction costs incurred.

Subsequent valuation is at amortized cost. Any difference between the proceeds and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

BB. Insurance premiums

Non-life insurance premiums

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

Life insurance premiums

Life insurance premiums relating to life insurance contracts are recognized as income when received from policyholders.

Liabilities arising from insurance contracts are recognized based on estimated future benefits and expenses, and charged to the income statement. These expenses are recorded within 'technical insurance claims and benefits'. Therefore, in accordance with the matching principle, the profits are realized over the estimated term of the contracts.

CC. Investment income

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

5.2 Accounting policies (Continued)

Interest income

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

Dividends

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

Rental income

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

DD. Realized gains and losses

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

With respect to financial assets available for sale, realized gains or losses comprise:

- the proceeds from the sale or disposal of an asset or liability less the amortized cost of the asset or liability sold;
- impairments previously recognized (except for equity instruments);
- hedge accounting adjustments.

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

EE. Fair value gains and losses

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

FF. Result on investments on behalf of policyholders

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

GG. Fee and commission income

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

HH. Insurance claims and benefits

This item includes changes in liabilities arising from insurance contracts (see accounting policy J) and the related benefits.

Expenses associated with contracts on behalf of policyholders relate to changes in liabilities arising from insurance contracts on behalf of policyholders, including the benefits charged to the liabilities.

II. Operating expenses

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

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

5.2 Accounting policies (Continued)

Payments made under operating leases (a.s.r. is the lessee) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

JJ. Commission expenses

This mainly relates to commissions paid. Commission paid to acquire insurance contracts are charged to the income statement, generally within one year.

KK. Impairments

An asset is impaired when its carrying amount exceeds its recoverable amount. Impairment losses are recognized in the income statement as soon as they are identified. For details, see the relevant items of chapter 5.2 as mentioned earlier.

LL. Income tax expense

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

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

5.3 Risk management

Risk management is an integral part of our daily business activities. a.s.r applies an integrated approach in managing risks, ensuring that our strategic goals (customer interests, financial solidity and efficiency of processes) are maintained. This integrated approach ensures that value will be created by identifying the right balance between risk and return, while ensuring that obligations towards our stakeholders are met. Risk management supports a.s.r. in the identification, measurement and management of risks and monitors if adequate and immediate actions are taken in the event of changes in a.s.r.'s risk profile.

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

This chapter describes the risk management organization, the risks that a.s.r. is exposed to and how these risks are managed.

5.3.1 Key risk developments in 2015

General

- Risk appetite statements are established at both group and legal entity level including risk tolerances, limits and targets, which are also described in underlying risk policies. Risk appetite statements are linked to strategic pillars: Capital, Value and Return, Liquidity, Reputation and Operational and Governance. Risk appetite statements are used for strategic management decisions throughout the organization;
- The Economic Capital model (ECAP) of a.s.r. is aligned with the Company's internal view of certain specific risks and an essential part of the capital steering and risk management framework. In the dynamic investment policy specific risk budgets are determined periodically based on the ECAP model;
- a.s.r. uses mature scenario analyses and stress testing techniques, such as an Own Risk and Solvency Assessment (ORSA), Recovery planning and Strategic Asset Allocation studies. These techniques measure the impact of environmental or internally identified risks and threats on the a.s.r. solvency position;

5.3 Risk management (Continued)

- During 2015 a.s.r. purchased AXENT (funeral) and De Eendragt (group life). At the same time hybrid loans were issued in order to keep the solvency at a strong level;
- Standard and Poor's has confirmed a.s.r.'s A rating for its core insurance companies and confirmed the BBB+ rating for the holding (ASR Nederland N.V.). All ratings have a stable outlook.

Risk governance

- a.s.r. has a risk governance framework in place, which comprises the duties and the responsibilities of the risk management organization and the risk committee structure;
- Risk committees monitor a.s.r.'s risk profile and decide upon measures for mitigating risk exposures;
- Risk Management is based upon the principles as formulated in Group Risk Management policies to ensure a uniform risk management process throughout the organization. These policies describe how to identify, monitor, report and manage risks.

Market risk

- The interest rate hedge was adjusted in order to mitigate the sensitivity of the Solvency II own funds to changes in interest rates. As a result, the solvency ratio excluding UFR is more sensitive to a decrease in the interest rate;
- The risks of equities, property and credit bonds have remained fairly stable in 2015.

Counterparty default risk

- In accordance with the strategic investment plan, the mortgage portfolio increased in 2015. The majority of new mortgages are guaranteed by the Dutch national mortgage guarantee fund (NHG).

Insurance risk—Non-life portfolio

- The combined ratio of the Non-life segment remained at a good level 94.8% (2014: 95.0%);
- For disability there was an improvement in the combined ratio due to our active claim management. Also for P&C the ratio remained well below the 100% despite the summer storms.

Insurance risk—Life portfolio

- The acquisitions in 2015 increased both the longevity and mortality risk. The mortality risk present at Axent and the longevity risk present at De Eendragt diversify at group level as a result of their opposite nature;
- In order to optimize its balance sheet risks, ASR Levensverzekering N.V. entered into a reinsurance agreement with Legal and General Re (via Hannover Re as fronting reinsurer) in 2015. The agreement entailed the transfer of € 201 million of pension obligations to Legal and General Re;
- a.s.r. periodically assesses whether the technical provisions are sufficient to cover insurance liabilities. These provisions were adequate at year-end 2015;
- The underlying assumptions for assessing the provision are periodically adjusted to economic and non-economic developments.

Strategic risk

- a.s.r. uses scenario analysis tools to be better prepared for potential future and emerging risks. As in previous year, a.s.r. has identified strategic risks and mitigating controls and actions for all business lines and a.s.r. group in its Control Risk Self-Assessment (CRSA) over 2015;
- a.s.r. executed an Own Risk and Solvency Assessment (ORSA) at both group and legal entity level. This assessment is used to determine relevant changes in our risk profile and to quantify the impact of identified risks on the forward-looking solvency position. The ORSA makes risk management part of strategic decision making processes on group and business units level. Management needs to ensure that a.s.r.'s capital requirements are sufficient to be and remain a financial solid insurer;

5.3 Risk management (Continued)

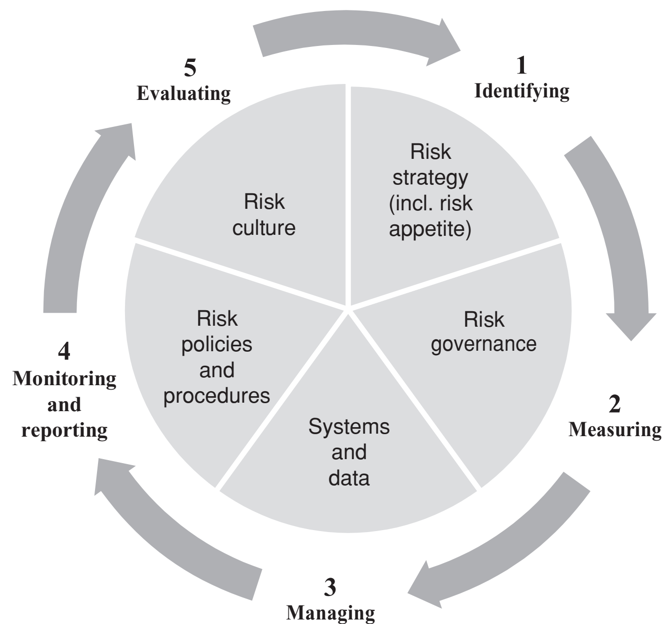
- a.s.r. has a recovery plan in place. The goal of this recovery plan is to ensure that a.s.r. has effective plans in place to deal with potential severe financial stress resulting from a wide range of different causes of various circumstances.

Operational risk

- a.s.r. has further improved its system of internal control in line with formulated ambition levels. The enterprise wide internal control framework is largely implemented in the product lines;
- In 2015, the non-financial risk dashboard in which non- financial risk profile of each business unit is reported, was further aligned with the formulated risk appetite.

5.3.2 Enterprise Risk Management Framework

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



Solvency II

- In January 2015 the European Commission published the Solvency II Delegated Regulation. In addition the Solvency II framework has been elaborated in the EIOPA technical standards and guidelines;
- During 2015 a.s.r. implemented the remaining Quantitative Reporting Templates (QRT's) as published by EIOPA. Preparations were finished in time to start reporting according to the Solvency II standards from 2016 onward;
- In preparation for Solvency II a.s.r. performed a dry run for the reporting standards of the Solvency and Financial Condition Report in commission of DNB. This report provides amongst others information on the governance of insurance companies, their capital management and valuation principles. The dry run provided valuable insights to further improve the quality of the report before the first publication in 2017;
- A number of transitional measures are added to the Solvency II requirements to smooth the introduction of the new regime for insurance companies. One of the transitional measures concerns the calculation of the equity risk su-module. During the transitional period, the standard parameters to be used for equities that are subject to transitional period shall be calculated as the weighted average of the

standard parameter. A.s.r. has decided to apply this transitional measure for the calculation of the equity risk sub-module;

- a.s.r. has further improved the scenario analyses and stress testing techniques as part of the Own Risk and Solvency Assessment (ORSA) and Recovery planning. These techniques measure the impact of external or internal identified risks and threats to the a.s.r. solvency position;

Capital management and solvency

- The solvency ratio including UFR increased due to the decrease of the interest rates in relation to application of the UFR. This movement is in line with the sensitivities as presented in paragraph 5.3.4.

5.3.2.1 Strategy (including risk appetite)

a.s.r.'s risk strategy is to ensure that risk taking decisions are made within the boundaries of the risk appetite, as determined by the Executive Board and approved by the Supervisory Board.

The primary objective of risk management is to support a.s.r. in achieving the required balance between risk and return, while ensuring that strategic goals will be realized. The risk appetite describes the level of risk a.s.r. is prepared to take. Risk exposures are actively managed to ensure that the risks will stay within the defined limits.

Risk appetite

The risk appetite reflects the risk management strategy of a.s.r. and influences the way the organization is managed.

Risk appetite is defined at both group level and at legal entity level (OTSO -'Onder Toezicht Staande Onderneming') for financial and non-financial risks. Risk tolerances, limits and targets have been set for all risk appetite statements.

Objectives of the risk appetite are:

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

The risk appetite is based on a.s.r.'s three strategic objectives: customer interests, financial solidity and efficiency of processes and five risk appetite pillars. These risk appetite pillars, viewed as key elements for the realization of our strategy, are:

Capital: Adequate solvency takes priority over profit

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

Value & Return: Adequate profit takes priority over turnover

Value creation by efficient allocation of capital resulting in realizing value and return objectives. This will safeguard the efficiency of business operations and continuity of a.s.r. in the long term.

Liquidity: Adequate liquidity

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

Reputation & Operational: Responsibility towards our stakeholders

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

Governance: Sustainable and balanced consideration of all interests of our stakeholders

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

Various separate risk appetite statements have been formulated to address these five pillars.

Risk appetite Statement ASR Nederland N.V. 2015

1. ASR Nederland N.V. is now and in the long term a socially desirable organization. Where the governance of ASR Nederland N.V. is established in a way that paramount importance is given to the customer's interests and that the interests of all stakeholders are carefully and sustainably considered.
2. ASR Nederland N.V. only has solid and understandable products. The proposition is cost-efficient, useful, safe and reliable for customers, the intermediary as well as for ASR Nederland N.V.
3. ASR Nederland N.V. has effectively embedded processes and reliable reports.
4. ASR Nederland N.V. complies to current laws, regulation and ethical norms. ASR Nederland N.V. has a zero-tolerance policy in case of deliberate violation of these laws, regulation and ethical norms.
5. ASR Nederland N.V. exclusively does business with partners who comply to the appointing- and procurement policy of ASR Nederland N.V. In the case of outsourcing, ASR Nederland N.V. verifiably complies to the outsourcing policy and a sound operational management is ensured.
6. ASR Nederland N.V.'s employees comply to (internal and external) integrity-, proficiency- and professional demands.
7. ASR Nederland N.V. has a minimum ECAP-ratio (degree of certainty 99,5%) of 130%.
8. ASR Nederland N.V. remains within the bandwidth of the periodically reassessed market risk budgets.
9. ASR Nederland N.V. has a minimum Solvency I-ratio of 200%.
10. ASR Nederland N.V. has a minimum SCR-ratio of 120%.
11. ASR Nederland N.V. (Group) has at least a single A-rating according to the S&P Capital model as applied by a.s.r.
12. ASR Nederland N.V.'s technical provisions are at all times sufficient according to IFRS LAT.
13. ASR Nederland N.V. has a maximum double leverage of 135%.
14. ASR Nederland N.V. can clear at least €1 Billion liquidities in a one month period, taking the contractual cash flows and a worst case liquidity scenario (redemption of insurance products, withdrawal of savings, collateral) into account.
15. ASR Nederland N.V.'s activities result in a risk-adjusted return on risk-adjusted capital (RARORAC) larger than 5,3%.
16. ASR Nederland N.V. has a Value Added New Business (VANB) which is at all times larger than €0 million, including UFR (Ultimate Forward Rate).
17. ASR Nederland N.V. has a maximum combined ratio of 99%.

These risk appetite statements are further translated into boundaries (risk tolerances, limits and targets) in order to make sure that material risks are managed in accordance with our predefined risk profile. Risk limits are formulated in line with a.s.r. ambition levels, regulatory requirements and S&P requirements. The most important limits for financial solidity are set on the solvency ratio according to the internal model (ECAP), the standard model of Solvency II (SCR) and the current regulatory solvency (Solvency I). Breaches need to be reported and addressed immediately in accordance with our risk policies. Risk

5.3 Risk management (Continued)

appetite statements ensure that risk considerations are being addressed in strategic decision making processes. Our risk profile is monitored by a.s.r.'s risk committees on a quarterly basis. Per year-end 2015, a.s.r. has sufficient capital to meet the limits as formulated in the a.s.r. risk appetite.

5.3.2.2 Risk governance

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

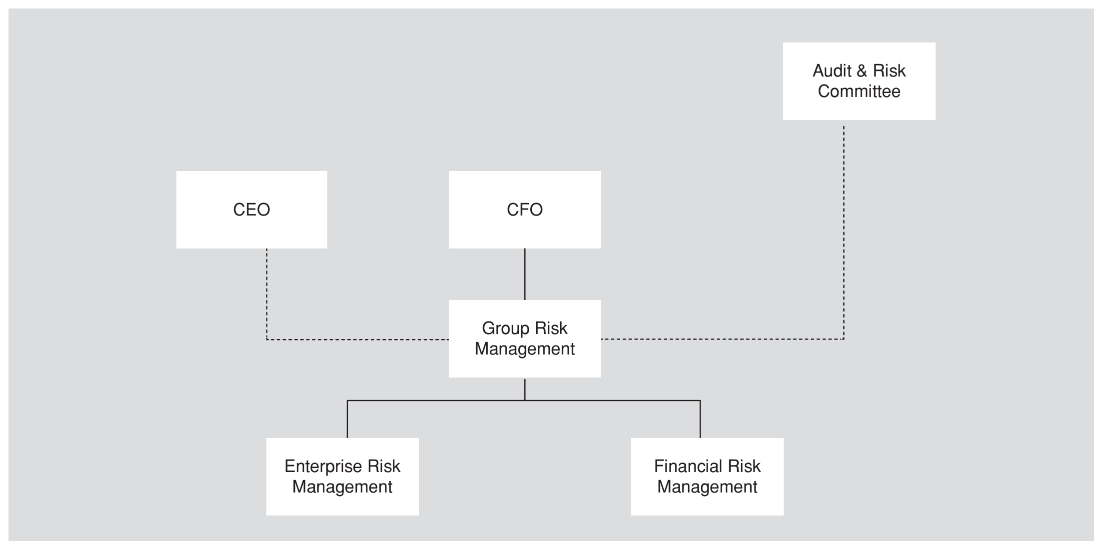
Three lines of defence

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

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

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

Group Risk Management Organization



Group Risk Management

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

Group Risk Management is responsible for the execution of the risk management function and the actuarial function. Group Risk Management consists of the following sub-departments:

- Enterprise Risk Management;
- Financial Risk Management.

Enterprise Risk Management

Enterprise Risk Management is responsible for the second line strategic risk and operational (including IT) risk management at a.s.r. The responsibilities with regard to strategic risk management include the development of risk policies, the annual update of the risk strategy (risk appetite), the monitoring of the non-financial risk profile and risk priorities of a.s.r., the execution of ORSA process and the update of our recovery plan. For the management of operational risks, a.s.r has a sound Management in Control system in place that contributes to long-term solidity of a.s.r. The quality of our Management in Control Framework is continuously enhanced by the analysis of operational losses.

Financial Risk Management

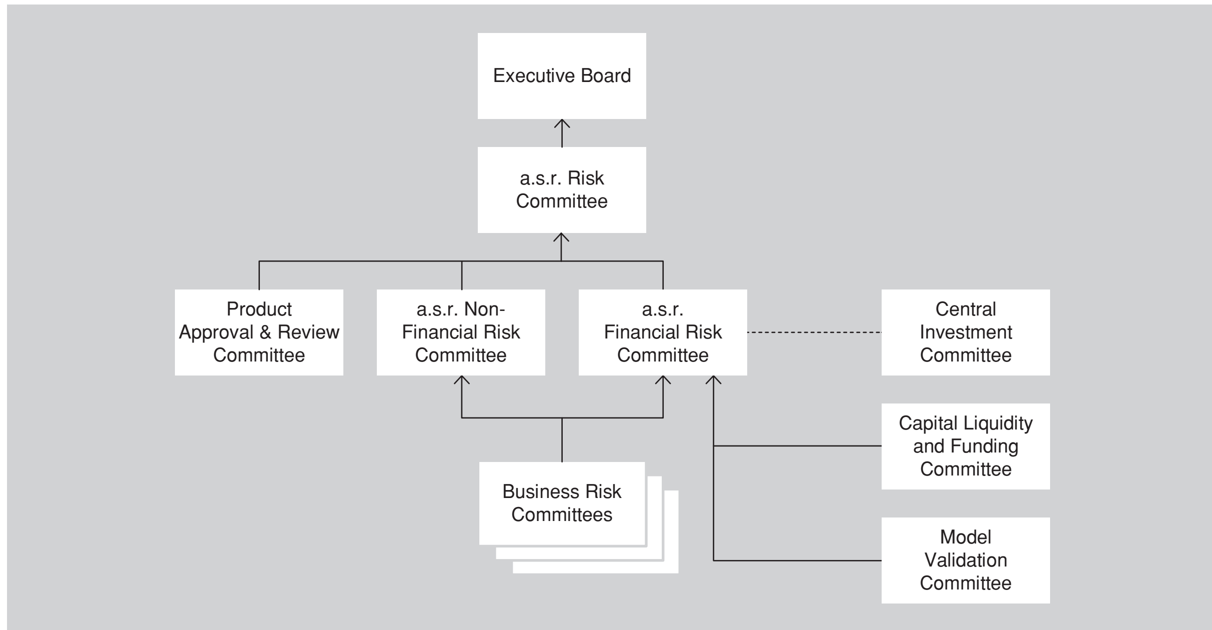
Financial Risk Management (FRM) is responsible for the second line market risk, counterparty risk, insurance risk and liquidity risk management at a.s.r. and its legal entities. Other responsibilities are monitoring of compliance with Solvency II, model validation and policies on valuation and risk.

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

Furthermore, the actuarial function monitors the profitability of new business and determines if risks related to the profitability of new products are sufficiently addressed in the product development process.

Risk committee structure

The objective of the risk committees is to manage the risk profile for a.s.r. group, its legal entities and its business lines in order to ensure that the risk profile remains within the risk appetite and the underlying risk tolerances, risk limits and risk targets.



a.s.r. Risk Committee

The a.s.r. Risk Committee is a sub-committee of the Executive Board and monitors a.s.r.'s overall risk profile on a quarterly basis. In the a.s.r. Risk Committee the Executive Board gives final approval upon relevant risk policies as discussed in the NFRC and FRC. Every year, the Risk Committee approves the risk appetite statements, limits and targets for a.s.r. The a.s.r. Risk Committee also monitors the management of a.s.r.'s risk priorities'. a.s.r.'s Executive Board members all participate in the a.s.r. Risk Committee, which is chaired by the CEO. The involvement of the Executive Board ensures that risk decisions are being addressed at the appropriate level within the organization. In addition to the Executive Board, the Chief Risk Officer, Director of Audit, Director of Integrity and Director Group Asset Management are members of the Committee.

The a.s.r. Risk Committee receives information about risk exposures or other risk-related issues from the Financial Risk Committee and the Non-Financial Risk Committee. These committees have mandates to manage and control a.s.r.'s risk profile in line with the risk appetite statements, limits and targets.

Non-Financial Risk Committee

The Non-Financial Risk Committee (NFRC) discusses and decides upon non-financial risk policies. The most relevant risk policies are approved by the a.s.r. risk committee. The NFRC monitors that non-financial risks are adequately managed and monitors that the risk profile stays within the agreed risk limits. If the risk profile exceeds the limits, the NFRC takes mitigating actions. The NFRC reports to the a.s.r. Risk Committee. The Chairman of the NFRC is the COO of the SME insurance market (who is also a member of the Executive Board) and members of the Committee include Directors of the business lines P&C, Health, Disability, Life, Pensions, ICT and Directors of Audit and Integrity, the Head of Enterprise Risk Management and the Director of Finance and Risk.

Financial Risk Committee

The Financial Risk Committee (FRC) discusses and decides upon financial risk policies. The most relevant risk policies are approved by the a.s.r. risk committee. The FRC manages and controls financial risks (market, insurance (life and non-life) and counterparty default risk). The FRC also monitors whether the risk profile stays within the risk limits. If the risk profile exceeds these limits, the FRC takes mitigating actions. The FRC reports to the a.s.r. Risk Committee. The Chairman of the FRC is the CFO. Members of the Committee include the Chief Risk Officer, Directors of Group Asset Management, Finance and Risk, Real Estate, Group Accounting Reporting & Control and a representative for the actuarial function. The

FRC is supported by the Capital, Liquidity & Funding Committee (CLFC) and the Model Validation Committee (MVC).

Capital, Liquidity & Funding Committee

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

Business Risk Committees

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

Central Investment Committee

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

Model Validation Committee

The model validation committee (MVC) is responsible for the execution and update of our model validation policy and for the approval of existing or new developed validated models before taken into use. The model validation committee receives all required information for the validation of models (for instance model documentation and validation reports), which information is being prepared by the validation board that assures the quality of the validation process. The chairman of the MVC is the Chief Risk Officer. Members of the MVC are the Director Group Asset Management, the Manager of Financial Risk- and Model Management, the Manager Financial Risk Reporting, the Chief Financial Risk Officers Life and Non-life and other representatives for the actuarial function.

Product Approval Committee

The Product Approval Committee is responsible for the decision-making process around the introduction of new products and adjustments in existing products.

The Directors of all business lines are members of the Product Approval Committee. The Director Marketing is the chairman. Group Risk Management, Integrity and Juridical Affairs also participate in the Product Approval Committee. All these departments evaluate if risks in newly developed products are sufficiently addressed. New products need to be developed in a way that they are cost efficient, reliable, useful and secure. New products also need to have a strategic fit with a.s.r.'s mission to be a solid and trustful insurer. Also the risks of existing products are evaluated, as requested by the PARP as a result of product reviews. Group Risk Management and Compliance have the right of veto in the Product Approval Committee.

5.3.2.3 Systems and data

The availability, adequacy and quality of data and IT systems is important in order to ensure that correct figures are reported and risk mitigating measures can be taken in time. Therefore it is considered important that data throughout a.s.r. needs to be managed in accordance with our data quality policy and the operational (including IT) processes are managed in accordance with our Management in Control policy. In 2015 our data quality policy was updated in order to comply with Solvency II. Data quality will be further enhanced in 2016 in order to improve our reporting processes.

5.3 Risk management (Continued)

5.3.2.4 Risk procedures & policies

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

5.3.2.5 Risk culture

Risk awareness is an important topic at a.s.r to emphasize the human aspect in the mitigation of risks. Risk Management carried out various kind of actions in 2015 in order to raise risk awareness. These actions focused on 'hard' elements/controls (risk governance, annual refinement of the risk appetite, monitoring of the risk appetite in risk committees and risk assessments) and 'soft' elements/controls (education and communication via intranet).

5.3.3 Risk management classification

a.s.r. is exposed to a variety of risks. The six main risk categories that a.s.r. recognizes are described below.

Risk type	Definition
Market risk	The risk of changes in values caused by market prices or volatility of market prices differing from their expected values. The following types of market risk are distinguished: • interest rate risk • equity risk • property risk • currency risk • spread risk • concentration risk
Counterparty default risk	Counterparty default risk reflects possible losses due to unexpected default or deterioration in the credit rating of counterparties and debtors.
Insurance risk	Insurance risk is the risk that future insurance claims and benefits cannot be covered by premium and/or investment income, or that insurance liabilities and results are incorrectly determined, because costs, claims and benefits differ from the assumptions used in the development and premium-setting of a product. Four different major types of insurance risk are distinguished; P&C, disability, health and life risk. Also, risk incurred on the employee benefits is categorized as an insurance risk.
Liquidity risk	Liquidity risk is the risk that one of a.s.r.'s entities does not have sufficient liquid assets to meet its financial obligations when they become due and payable, at reasonable cost and in a timely manner.
Strategic risk	Strategic risk is the risk that a.s.r. will not reach its strategic objectives, because risk considerations are not or incorrectly addressed in decision-making processes, incorrect implementation of decisions and/or failure to respond in an adequate way to market developments.
Operational risk	Operational risk is the risk of losses resulting from inadequate or failing internal processes and systems, human error or from external events (including legal risk).

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

As part of the ORSA an assessment was made on the completeness of identified risk categories in relation to the risk profile of a.s.r.

5.3.4 Market risk

Market risk is the risk of potential losses due to adverse movements in financial market variables. Exposure to market risk is measured by the impact of movements in financial variables such as equity

prices, interest-rates and property prices. The several types of market risk, which are discussed in this section, are:

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

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

The sensitivities of regulatory solvency ratio (Solvency I) to market risks are as follows (in %-p):

Type of risk	31 December 2015	31 December 2014	31 December 2013
Equities −20%	−23%	−18%	−21%
Interest-rate (incl UFR) −1%	14%	34%	30%
Interest-rate (incl UFR) +1%	−8%	−23%	−29%
Interest-rate (excl UFR) −1%	−95%	−59%	−17%
Interest-rate (excl UFR) +1%	49%	27%	−1%
Spread +75 bps	−17%	−16%	−23%
Property −10%	−11%	−12%	−13%

In the calculation of the interest-rate sensitivity of the solvency ratio including UFR, the UFR is kept constant. The shock on the discounting curve for the liabilities is mitigated for maturities longer than 20 year through the application of the UFR. As a result, the assets are more sensitive than the liabilities including UFR. The solvency ratio including UFR increases with 14% when the interest-rates drop 1%.

In case the UFR is not applied, the liabilities are more sensitive to interest-rate movements. The shock on the discounting curve for the liabilities is not mitigated and the present value of the cashflow after 20 year is higher. The liabilities excluding UFR are more sensitive than the assets. The solvency ratio excluding UFR decreases with 95% when the interest-rates drop 1%.

In 2015 the interest-rate hedge was adjusted in line with the policy (see 5.3.4.1). As a result, the Solvency I ratio (including UFR) became less sensitive to interest-rates, while the Solvency I ratio excluding UFR became more sensitive to interest-rates. The latter was strengthened by the acquisition of De Eendragt and Axent, whose insurance liabilities have a long duration.

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

5.3 Risk management (Continued)

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

Scenario	Total equity 31 December 2015	Profit for the year 2015	Total equity 31 December 2014	Profit for the year 2014	Total equity 31 December 2013	Profit for the year 2013
Equities +20%	432	−17	317	−8	320	−5
Equities −20%	−397	5	−300	−7	−299	9
Interest-rate +1%	134	0	−108	0	−120	0
Interest-rate −1%	−197	0	124	0	120	0
Spread +75bps	−39	0	−31	0	−40	0
Spread −75bps	39	0	31	0	40	0
Property +10%	294	277	307	293	303	293
Property −10%	−294	−294	−307	−307	−303	−303
Foreign currency +10%	103	−8	35	−2	29	−2
Foreign currency −10%	−103	8	−35	2	−29	2

The sensitivities to equities increased in 2015 in line with the higher exposure to equities. The changes in the sensitivity of total equity to interest-rate in 2015 are explained by the recognition of the interest-rate sensitivity of the employee benefits. The impact of this recognition is € 332 million in the scenario interest-rate +1% and € −439 million in the scenario interest-rate −1%. The sensitivity of total equity to spread remained limited due to the mitigating effect of shadow accounting. The sensitivities to property did not change much compared to the previous years, in line with the exposure to property. The sensitivity of total equity to foreign currency increased in line with the higher underlying exposure as a result of look-through on the investments funds. The impact of the investment funds on the sensitivity of total equity to foreign currency +10% is € 82 million per 31 December 2015.

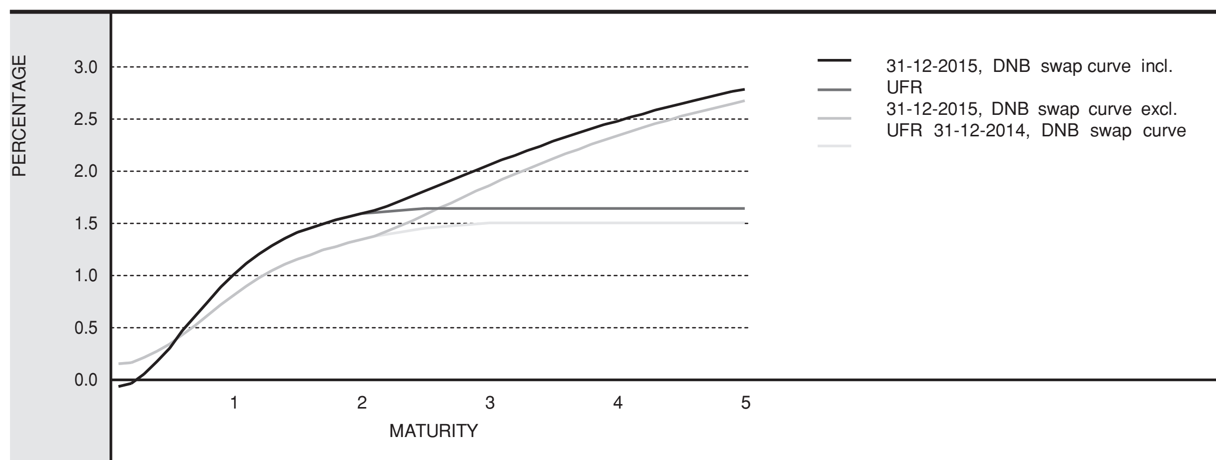
The following sections provide more detail per risk type.

5.3.4.1 Interest-rate risk

Interest-rate risk is the risk that the value of assets, liabilities or financial instruments will change due to fluctuations in interest- rates. Many insurance products are exposed to interest-rate risk; the value of the products is closely related to the applicable interest-rate curve. The interest-rate risk of insurance products depends on the term to maturity, interest-rate guarantees and profit-sharing features. Life insurance contracts are particularly sensitive to interest-rate risk (see chapter 5.3.6).

Since 30 June 2012 the regulator prescribes applying the Ultimate Forward Rate (UFR) on the discounting curve, whereby the forward interest-rates converge to a level of 4.2%. Since this is an assumption, a.s.r. also evaluates its solvency position without applying the UFR to the discounting curve.

Discounting curves



During 2015 the interest-rates decreased on average 20 bp for maturities longer than 10 year.

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

An interest-rate risk policy is in place for the group as well as for the registered insurance companies. All interest-rate sensitive balance sheet items are in scope, including the post employee benefit obligations of the group (see chapter 5.17.1). In principle the sensitivity of the Solvency II ratio to interest-rates is minimized, as long as the sensitivity of the Solvency II ratio excluding UFR to interest-rates is not too high. In addition, the exposure to interest-rate risk for various term buckets is subject to maximum amounts.

In 2015 the interest-rate hedge was adjusted in line with the policy. As a result, the Solvency I ratio (including UFR) became less sensitive to interest-rates, while the Solvency I ratio excluding UFR became more sensitive to interest-rates. The latter was strengthened by the acquisition of De Eendragt and Axent, whose insurance liabilities have a long duration.

As a result of the interest-rate risk policy, the Solvency I ratio (including UFR) and the Solvency I ratio excluding UFR move in different directions when interest-rates change.

Sensitivity of regulatory solvency (Solvency I) to interest-rate changes.

	Interest-rates −1%			Interest-rates +1%		
	31 December 2015	31 December 2014	31 December 2013	31 December 2015	31 December 2014	31 December 2013
Assets	3,689	3,667	2,568	−2,905	—	—
Liabilities	−3,441	−3,067	−2,096	2,767	2,829	1,955
Solvency available	248	600	472	−138	2,42	1,49
Solvency ratio	14%	34%	30%	−8%	3	5

Sensitivity of regulatory solvency (Solvency I) excluding UFR to interest-rate changes.

	Interest-rates −1%			Interest-rates +1%		
	31 December 2015	31 December 2014	31 December 2013	31 December 2015	31 December 2014	31 December 2013
Assets	3,689	3,667	2,568	−2,905	−2,829	−1,955
Liabilities	−5,427	−4,693	−2,827	3,803	3,297	1,933
Solvency available	−1,738	−1,026	−259	898	468	−22
Solvency ratio	−95%	−59%	−17%	49%	27%	−1%

5.3.4.2 Equity risk

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

The fair value of equities and similar investments at year-end 2015 was € 2,803 million (2014: € 1,990 million, 2013: € 1,967 million). The increase in 2015 is a result of new investments and favourable development of equity prices. A part of the downside risk of the equities is hedged.

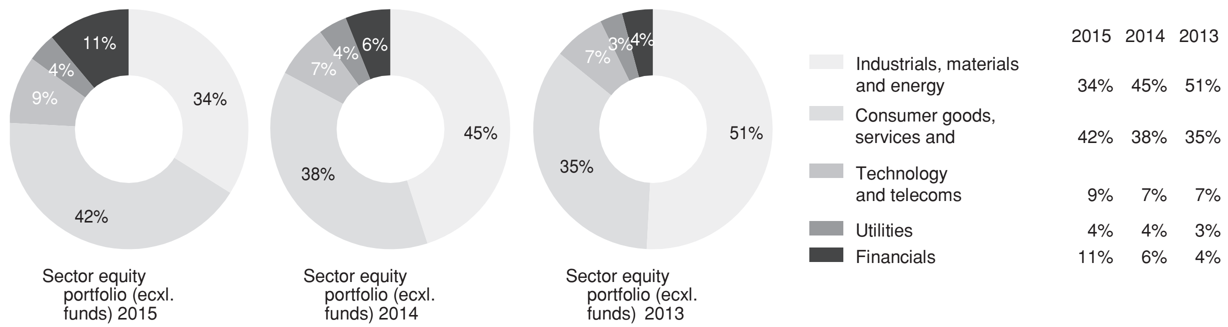
A portfolio of put options with an underlying value of € 885 million is in place.

The equities are diversified across the Netherlands (including participating interests) and other European countries. A limited part of the portfolio consists of investments in the Pacific and United States.

The next table shows the exposure of the equity portfolio to sectors. External managed funds are excluded for this table, the total value in scope is € 1,538 million (2014: € 1,019 million, 2013: € 1,002 million). The external funds typically have a representative market index as benchmark with a limited tracking error. The difference between the fund and the general market index therefore will be limited and the funds will have a diversified sector allocation.

5.3 Risk management (Continued)

Composition equity portfolio



The sensitivity of the Solvency I ratio to changes in equity prices is monitored on a monthly basis. Option contracts and the tax exemption of the participating interests are taken into account when calculating sensitivities.

Sensitivity of regulatory solvency (Solvency I) to changes in equity prices.

Change in equity prices	31 December 2015	Percentage	31 December 2014	Percentage	31 December 2014	Percentage
−20%	−416	−23%	−320	−18%	−327	−21%

5.3.4.3 Property risk

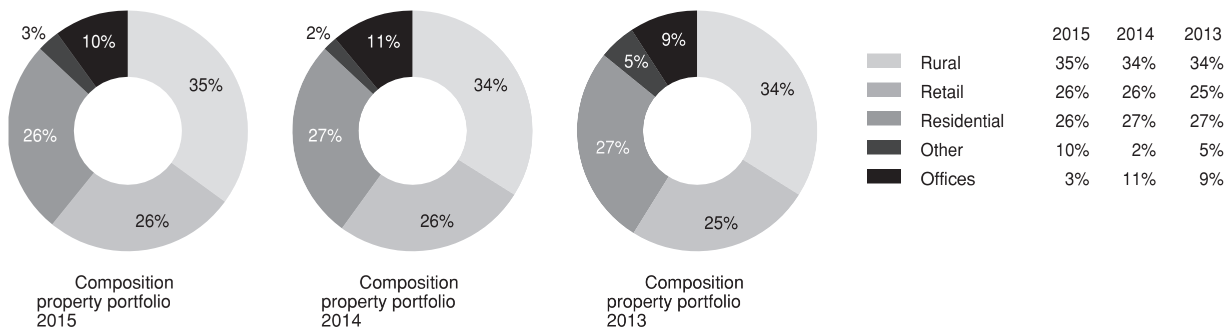
Property risk is the risk of loss of market value of real estate assets due to a change in rental prices, required investor yield, or other factors.

The property risk depends on the total exposure to property. In order to gain a total understanding of the actual property risk, a.s.r. includes property for own use and development property amounting to € 100 million (2014: € 100 million, 2013: € 125 million) in the analysis of its property risk. The fair value of property was € 2,939 million at year-end 2015 (2014: € 3,070 million, 2013: € 3,028 million), including property for own use.

As a result of disposals and a negative result on property development the exposure to property decreased in 2015. Although impairments on property developments were taken, there are some remaining risks.

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

Composition property portfolio



5.3 Risk management (Continued)

The sensitivity the Solvency I ratio to changes in property value is monitored on a monthly basis. Sensitivity of regulatory solvency (Solvency I) to changes in property prices:

Change in property prices	31 December 2015	Percentage	31 December 2014	Percentage	31 December 2013	Percentage
−10%	−201	−11%	−211	−12%	−210	−13%

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

5.3.4.4 Currency risk

Currency risk measures the impact of losses related to changes in currency exchange rates. The table below provides an overview of largest currency exposures in the portfolio.

The policy is primarily to hedge currency risks of fixed income investments and the insurance liabilities. However, certain currency exposures are permitted from a tactical perspective within a specific risk budget. The currency risk of equities is not hedged.

The foreign currency position is monitored on a quarterly basis. The total net exposure in foreign currency is € 1,375 million (2014: € 477 million, 2014: € 389 million). The table shows the currencies with the largest exposures.

2015	USD	AUD	CAD	CHF	GBP	SEK	ZAR	HKD	INR	KRW	TWD	JPY	PHP
Assets exposure	885	198	0	118	211	13	30	54	24	21	24	13	12
Liabilities exposure	−87	−163	0	0	0	0	−11	0	0	0	0	0	0
Net exposure	798	35	0	118	211	13	19	54	24	21	24	13	12

	2014							2013						
2014	USD	AUD	CAD	CHF	GBP	SEK	ZAR	USD	AUD	CAD	CHF	GBP	SEK	ZAR
Assets exposure	424	194	41	36	53	0	22	282	194	92	10	20	40	22
Liabilities exposure	−105	−172	0	0	0	0	−28	−86	−178	0	0	0	0	−14
Net exposure	319	22	41	36	53	0	−6	196	16	92	10	20	40	7

In 2015 the reported exposure in foreign currency increased significantly, mainly as a result of applying look-through on the investment funds. As per 31 December 2015, € 819 million of the currency exposure is due to investment funds. For the previous years the look-through information is not available.

The net exposure in USD consist both of equities and fixed income investments. The majority of the net currency exposure is related to equities.

5.3.4.5 Spread risk

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

a.s.r. has a policy of maintaining a well diversified high quality investment grade portfolio while avoiding large risk concentrations. Going forward, the volatility in spreads will continue to have possible short term effects on the market value of the fixed income portfolio. In the long run the credit spreads are expected to be realised and to contribute to the growth of the own funds.

Spread risk is managed on a portfolio basis within limits and risk budgets established by the relevant risk committees. Where relevant, credit ratings provided by the external rating agencies are used to determine risk budgets and monitor limits. A limited number of fixed-income investments do not have an external rating. These investments are generally assigned an internal rating. Internal ratings are based on methodologies and rating classifications similar to those used by external agencies. The following tables provide a detailed breakdown of fixed-income exposure by rating class, sector, and country of risk and level of subordination for the financial sector.

Assets in scope of spread risk are by definition not in scope of counterparty default risk (see chapter 5.3.5). The tables include all bond, fixed income funds, preference shares and loans subject to spread risk according to our risk models.

	31 December 2015		31 December 2014		31 December 2013	
	Exposure	Percentage	Exposure	Percentage	Exposure	Percentage
AAA	10,121	44%	5,881	28%	4,722	26%
AA	3,719	16%	7,222	34%	7,352	40%
A	4,463	20%	3,857	18%	2,623	14%
BBB	3,367	15%	2,885	14%	2,561	14%
Lower than BBB	393	2%	744	4%	567	3%
Not rated	640	3%	436	2%	455	3%
	22,703	**100%**	**21,025**	**100%**	**18,280**	**100%**

Changes in the rating distribution of the fixed income portfolio are attributable to a number of factors, such as interest rate and spread movement, implementation of the investment policy and asset allocation decisions, as well as rating actions by S&P and Moody's rating agencies and acquisitions. Acquisition of Axent and De Eendragt in the course of the 2015 are the main driver of the increase in the exposure to the fixed income investments. Without these acquisitions, the market value of the fixed income portfolio would have decreased following changes in asset allocation and the combination of the rise in the interest rates and widening spreads observed in 2015. The main reason for the significant increase in the AAA-rated bonds at the expense of AA− rated bonds is the upgrade of Dutch government bonds from AA to AAA by S&P. The decrease in the category Lower than BBB is due to significant redemptions in subordinate financials and an upgrade in the preference shares portfolio. The category not rated consists of investment funds and loans to intermediaries, the increase in 2015 is due to positions in new investment funds.

	31 December 2015	31 December 2014	31 December 2013
Government	12,390	11,681	9,638
Financial institutions	4,897	4,944	4,608
Corporates	5,014	3,844	3,434
Structured entities	402	556	600
	22,703	**21,025**	**18,280**

The increase in the government bond portfolio is solely due to the acquisition of Axent and De Eendragt. The increase of corporate bond investments is explained by changes in asset allocation, while redemptions are responsible for the decrease in the structured entities investments.

Government	31 December 2015	31 December 2014	31 December 2013
Netherlands	3,584	3,452	4,154
Germany	5,205	4,158	2,955
Austria	606	652	554
Belgium	653	756	657
France	830	799	224
Supranationals	333	467	367
Periphery	636	716	36
Other	543	682	691
	12,390	**11,681**	**9,638**

Interest-rates increased slightly during 2015 this resulted in lower market values. The market value of the positions in several countries, Germany and France among others, increased. This is be explained by the

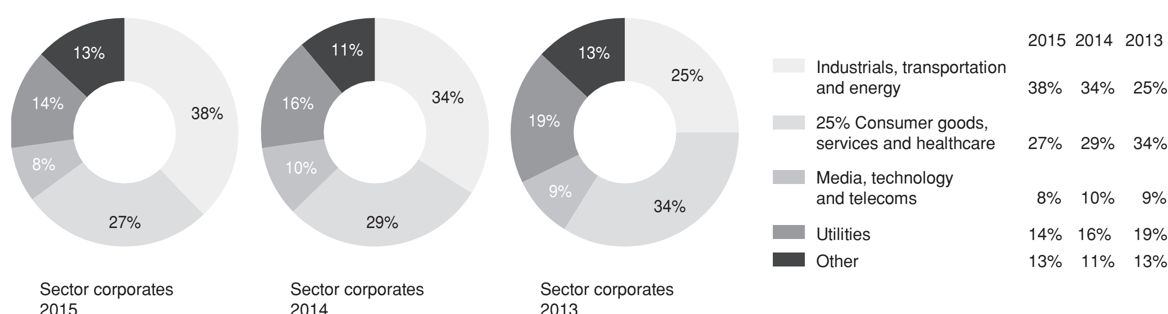
5.3 Risk management (Continued)

acquisition of Eendragt and Axent. The holdings in periphery sovereign bonds was reduced for tactical reasons. Supranationals have been reduced due to a change in the desired asset allocation.

Financial institutions	31 December 2015	31 December 2014	31 December 2013
Senior	1,821	1,615	1,548
Tier 2	1,772	1,636	1,211
Tier 1	328	566	911
Covered	817	963	810
Other	159	164	128
	4,897	**4,944**	**4,608**

In line with our strategic investment plan the exposure to Tier 2 securities was increased at the expense of Tier 1 bonds. All categories in the financial institutions portfolio benefited from tightening credit spreads.

Composition corporate bonds portfolio



The table above shows the exposure of the corporate bonds to sectors.

Structured entities	31 December 2015	31 December 2014	31 December 2013
ABS	36	29	43
CDO	95	123	159
MBS	257	373	367
Structured financial instruments	14	31	31
	402	**556**	**600**

Redemptions are responsible for the decrease in the market value of the Structured Entities and occurred mainly in the MBS portfolios. The revaluations on the structured products portfolio slightly increased in the course of 2015.

As a.s.r. participates in structured entities solely for investment purposes, no other commitments or guarantees have been made to the structured entities concerned. The maximum exposure is therefore limited to the fair value of the structured entity and amounts to € 402 million (2014: € 556 million; 2013: € 600 million).

Asset-backed securities (ABS)

An ABS is a financial security backed by a portfolio of loans, leases or receivables against assets other than real estate and mortgage-backed securities. Half of this portfolio consists of a bond issued by a ring-fenced entity of a large UK airport. The other half of this portfolio consists of various securities backed by several types of assets.

Collateralized debt obligation (CDO)

CDO's are securities backed by a pool of bonds, loans or other assets. CDO's do not specialize in one type of debt, but are often non-mortgage loans or bonds. CDO's are unique in that they represent different types of debt and credit risk. In the case of CDO's, these different types of debt are often referred to as 'tranches' or 'slices'. Each slice has a different maturity and risk associated with it.

The CDO portfolio of a.s.r. currently consists mainly of senior tranches in collateralized loan obligations (CLO's), which are CDO's backed by a portfolio of European bank loans. Also, the portfolio contains various CDO's with several types of collateral, such as loans to smaller financial institutions and ABS.

Mortgage-backed securities (MBS)

MBS's are a type of asset-backed security that is secured by a portfolio of mortgages. The MBS portfolio of a.s.r. consists of mainly AAA tranches in Dutch residential mortgage backed securities. The rest of the portfolio consists of investments in the senior tranches of UK RMBS (around 3.5%) and some peripheral exposure, mostly in Spain (5.5%), all of which have started to redeem.

Other structured financial instruments (SFI)

This part of the portfolio consists of equity tranches of CDO's, i.e. the most risky tranche in the CDO structure. These 'first loss' tranche will be the first to fall in value if losses occur in the assets that back the CDO and are not rated. The portfolio is dominated by two positions that make up 66% of the portfolio. Due to significant redemptions on the two largest positions in this portfolio, the size of this portfolio went down during 2015. The remaining positions in this portfolio are almost all equity pieces of European CLO's.

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

	Government			Financial institutions		
	31 December 2015	31 December 2014	31 December 2013	31 December 2015	31 December 2014	31 December 2013
AAA	9,228	4,760	3,752	625	743	598
AA	2,327	6,002	5,637	535	556	1,110
A	427	366	139	1,672	1,619	922
BBB	406	551	110	1,755	1,413	1,641
Lower than BBB	2	2	0	310	613	337
Not rated	0	0	0	0	0	0
	12,390	**11,681**	**9,638**	**4,897**	**4,944**	**4,608**

Acquisition activities of a.s.r together with upgrade of the Dutch government bonds to AAA category and changes in tactical positioning explain changes in the rating breakdown of the sovereign portfolio. Earlier described sub-sector allocation decisions combined with rating actions by Moody's and S&P are predominant factors responsible for increase in the market value of the A and BBB rated financials. Decrease in the sub- investment grade category is mainly due to redemptions in junior subordinate financials portfolio.

	Corporates			Structured entities		
	31 December 2015	31 December 2014	31 December 2013	31 December 2015	31 December 2014	31 December 2013
AAA	44	45	38	224	333	334
AA	821	625	544	35	39	61
A	2,317	1,793	1,470	48	79	92
BBB	1,193	885	783	14	36	27
Lower than BBB	10	76	161	71	53	69
Not rated	629	420	438	10	16	17
	5,014	**3,844**	**3,434**	**402**	**556**	**600**

Increase in the AA rated category is due to execution of the sector allocation decisions as well as re-allocation of bonds from sector Financials, following significant changes in the business profile of the issuer. Increase in A and BBB rating categories are attributable to combination of sector allocation decisions and rating actions by S&P and Moody's. An upgrade of a position in our preference shares portfolio explains substantial decrease in sub-investment grade corporates. The non-rated category

corporates includes predominantly externally managed fixed income funds and loans issued to intermediaries, the increase in 2015 is due to positions in new investment funds.

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

The parameters of the internal risk-rating model are regularly adjusted in response to market conditions as well as new legislation. The ban on commissions regarding so-called 'complex' insurance products was introduced in 2013 and has a minor impact on the rating of the loan portfolio issued to intermediaries due to the aforementioned internal risk-rating model. The group has anticipated on the ban on commissions and has therefore granted fewer loans as a result of restrictions in our loan policy. The current value of the collateral incorporates the effect of the ban on commissions. This value is used in our internal risk-rating model. The table below provides an overview of the loans to intermediaries.

	31 December 2015		31 December 2014		31 December 2013	
Loans to intermediaries	**Amount**	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
Loan < 75% collateral value	19	35%	26	34%	28	29%
Loan > 75% collateral value	35	65%	49	66%	68	71%
	54	**100%**	**75**	**100%**	**96**	**100%**

Loans to intermediaries form a relatively small source of risk for a.s.r. At year-end 2015, the outstanding amount of loans to intermediaries was € 54 million (2014: € 75 million; 2013: € 96 million) and cumulative impairments amounted to € 32 million (2014: € 37 million; 2013: € 53 million). The loans are generally secured by collateralizing an insurance portfolio. At year-end 2015, 24% (2014: 16%; 2013: 20%) of the loans were in arrears.

5.3.4.6 Concentration risk

Concentration risk is the risk of an accumulation of exposures with the same counterparty.

In order to avoid concentrations in a single obligor, a.s.r. applies a limit on maximum exposure of € 700 million for issuers rated single A rating and higher and € 350 million for issuers rated BBB. The limits apply to the total investment portfolio, where government bonds are not included, which is consistent with Solvency II. The CLFC monitors concentration risk on a quarterly basis. All exposures were within the limits at year-end 2015.

5.3.4.7 Liquidity risk

Liquidity risk is the risk that a.s.r. is not able to meet its financial obligations to policyholders and other creditor when they become due and payable, at reasonable cost and in a timely manner.

a.s.r. recognizes different levels of liquidity management. Short- term liquidity, or daily cash management covers the day-to-day cash requirements under normal business conditions and targets funding liquidity risk. Long-term liquidity management considers business conditions, in which market liquidity risk materialises. Stress liquidity management looks at the ability to respond to a potential crisis situation as a result of a market event and an a.s.r. specific event. Unexpected cash outflows could occur as result of lapses in the insurance portfolio, withdrawals of savings, or payments related to the CSA of derivatives. a.s.r. monitors its liquidity risk scenario's via different risk reporting and monitoring processes including daily cash management reports, cash flow forecasts and stress scenario liquidity reports.

a.s.r. liquidity management principle consist of three components. First, a well diversified funding base is necessary in order to provide liquidity for cash management purposes. A portion of assets must be invested in unencumbered marketable securities that can be used for collateralized borrowing or asset sales. Second, the strategic asset allocation should reflect the expected and contingent liquidity needs of liabilities. Finally, an adequate and up-to-date contingency liquidity plan is in place to enable management to act effectively and efficiently in times of crisis.

5.3 Risk management (Continued)

As per 31 December 2015, a.s.r. has cash (€ 1,454 million), short term deposits (€ 1,178 million), liquid government bonds (€ 13,840 million) and other bonds and shares.

The following table shows the contractual cash flows of assets and liabilities (excluding investments on behalf of policyholders and insurance contracts on behalf of policyholders). For liabilities arising from insurance contracts, expected lapses and mortality risk are taken into account. Profit sharing cashflow of insurance contracts is not taken into account, as well as equities, property and swaptions. Compared to 2015 the cash flow of the liabilities in the last bucket increased due to the acquisition of De Eendragt and Axent, while the impact on the assets was offset by the reduction of the duration of the assets.

	< 1 year	1–5 year	5–10 year	10–20 year	> 20 year
31 December 2015					
Fixed income assets	6,083	7,121	7,892	9,873	15,664
Liabilities	−3,985	−7,539	−7,663	−13,291	−24,965
	2,098	**−418**	**229**	**−3,418**	**−9,301**
31 December 2014					
Fixed income assets	7,314	7,408	7,673	9,112	15,753
Liabilities	−5,262	−6,589	−6,058	−11,244	−19,537
	2,052	**819**	**1,615**	**−2,132**	**−3,784**
31 December 2013					
Fixed income assets	4,913	3,790	9,810	11,712	11,845
Liabilities	−2,137	−6,565	−5,489	−10,849	−19,985
	2,776	**−2,775**	**4,321**	**863**	**−8,140**

5.3.5 Counterparty default risk

Counterparty default risk reflects possible losses due to unexpected default or deterioration in the credit standing of counterparties and debtors. Counterparty default risk affects several types of assets:

- mortgages;
- savings-linked mortgage loans;
- derivatives;
- reinsurance;
- receivables;
- cash and deposits.

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

5.3.5.1 Mortgages

Mortgages are granted for the account and risk of third parties and for a.s.r.'s own account. The a.s.r. portfolio consists only of Dutch mortgages with a limited credit risk. In line with the strategic investment

plan, the mortgage portfolio increased by € 985 million in 2015. The majority of new mortgages in 2015 were guaranteed by the Dutch national mortgage guarantee fund (NHG).

Mortgage: loan to collateral value	31 December 2015		31 December 2014		31 December 2013	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Mortgage with NHG	4,050	62%	3,413	61%	2,797	58%
Mortgage < 75% Loan-to-Value	1,163	18%	965	17%	867	18%
Mortgage < 100% Loan-to-Value	575	9%	428	8%	434	9%
Mortgage < 125% Loan-to-Value	677	10%	540	10%	476	10%
Mortgage > 125% Loan-to-Value	72	1%	206	4%	222	5%
	6,537	**100%**	**5,552**	**100%**	**4,796**	**100%**

The Loan-to-Value ratio is based on the outstanding principal with respect to the a.s.r. calculated collateral. As a rule, a.s.r.'s mortgage portfolio is secured by collateralizing the linked life insurance contracts. a.s.r. generally does not grant interest-only mortgages.

At year-end 2015 0.57% (2014: 0.65%; 2013: 0.59%) of mortgages were more than three months in arrears.

5.3.5.2 Savings-linked mortgage loans

Savings-linked mortgages have been sold with savings-linked contracts carried in a.s.r.'s statement of financial position where the mortgage loan is recognized in the balance sheet of third parties. One of the characteristics of a savings-linked mortgage loan is that the interest on the insurance contract and the interest on the mortgage loan are linked. At the same time, a.s.r. extends loans to these third parties with a nominal value equal to the value of the savings-linked contract and at an interest rate linked to the interest rate on the mortgage. The amortized cost of these loans amounted to € 2,800 million at year-end 2015 (2014: € 2,702 million; 2013: € 2,520 million).

Savings-linked mortgage loans	31 December 2015	31 December 2014	31 December 2013
Counterparty SPV	1,763	1,674	1,264
Agreement cession-retrocession	697	129	369
Other	340	900	887
Total	**2,800**	**2,703**	**2,520**

The credit risk of the savings-linked mortgage loans depends on the counterparty. For 63% of the portfolio the counterparties are Special Purpose Vehicles. The risk is limited due to the robust quality of the mortgages in the Special Purpose Vehicles in combination with the tranching.

a.s.r. has a cession-retrocession agreement with the counterparty for 25% of the portfolio, for which the risk is limited. Effectively, a.s.r. receives the underlying mortgage loans as collateral, mitigating the credit risk of the savings-linked mortgage loans.

The remaining 12% of the savings-linked mortgage loans portfolio by credit rating of the counterparty is shown below. Due to a new agreement cessie-retrocessie the exposure to the category AA other was reduced to zero.

Savings-linked mortgage loans—other	31 December 2015	31 December 2014	31 December 2013
AAA	14		
AA		561	536
A	326	339	351
Total	**340**	**900**	**887**

5.3.5.3 Derivatives

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

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

5.3.5.4 Reinsurance

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

Ratings reinsurance	31 December 2015	31 December 2014	31 December 2013
AA	80%	80%	8%
A	20%	20%	91%
NR			1%

The table above shows the exposure to reinsurers per rating. The total exposure to reinsurers at year-end 2015 was € 611 million (2014: € 419 million; 2013: € 407 million). The increase in the total exposure in 2015 is explained by the reinsurance agreement with Legal and General Re (via Hannover Re as fronting reinsurer).

5.3.5.5 Receivables

Receivables	31 December 2015	31 December 2014	31 December 2013
Policyholders	194	293	325
Intermediaries	96	160	174
Reinsurance operations	77	76	108
Health insurance fund	97	60	
Other	184	190	248
Total	**648**	**779**	**855**

An accumulated impairment loss for receivables of € 45 million was recognized in 2015 (2014: € 52 million; 2013: € 35 million).

5.3.5.6 Cash and deposits

The current accounts amounted € 1,444 million in 2015 (2014: € 571 million; 2013: € 750 million).

Ratings current accounts	31 December 2015	31 December 2014	31 December 2013
AA	1%		
A	99%	100%	100%

Total deposits amounted to € 1,178 million (2014: € 2,626 million, 2013: € 1,079 million).

Ratings deposits	31 December 2015	31 December 2014	31 December 2013
Secured deposits	1,178	2,064	850
AAA	0	61	69
A	6	501	160
Total	1,184	2,626	1,079

5.3 Risk management (Continued)

5.3.6 Insurance risk

Insurance risk is the risk that future insurance claims and benefits cannot be covered by premium and investment income, or that insurance liabilities and results are incorrectly determined, because expenses, claims and benefits differ from the assumptions used in the development and premium-setting of a product. Insurance risk manifests itself in both the non-life and the life portfolio. The non-life portfolio covers the property and casualty, disability and healthcare sectors. The life portfolio is a reasonably diversified portfolio consisting of products with either mortality risk or longevity risk.

Risk-mitigating measures are used to reduce and contain the volatility of results or to decrease the possible negative impact on value as an alternative for the capital requirement. Proper pricing, underwriting, reinsurance, claims management, and diversification are the main risk mitigating actions for insurance risks. By offering a range of different insurance products, with various product benefits and contract lengths, and across life, disability and health and P&C insurance risk, a.s.r. reduces the likelihood that a single risk event will have a material impact on a.s.r.'s financial condition.

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

a.s.r. has assessed the impact of various sensitivities on the regular solvency ratio (Solvency I):

1. Lapse +10%;
2. Expense +10%;
3. Mortality −5%.

These shocks have no impact on the 2015, 2014 and 2013 total equity and the profit for these years, because a.s.r. would still pass the IFRS Liability Adequacy Test (LAT). The sensitivities will result in a decrease of the surplus in de Liability Adequacy Test but the outcome would still be positive. For a description of the IFRS LAT, see accounting policy J, chapter 5.2.2.

	31 December 2015 Impact on available DNB solvency (305%)	31 December 2014 Impact on available DNB solvency (285%)	31 December 2014 Impact on available DNB solvency (268%)
1. Lapse +10%	−0.2%	−0.3%	−0.5%
2. Expense +10%	−3.7%	−2.2%	−2.6%
3. Mortality/Morbidity −5%	−1.0%	−1.6%	−1.1%

5.3.6.1 Non-life insurance portfolio

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

Property and Casualty

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

Disability

- Disability: disability coverage in the portfolio includes both individual coverage for self-employed persons and (semi-) group coverage for employees. The latter group also qualifies for employees disability cover (WIA, including WGA-ER);
- Sickness leave: coverage includes continued salary payments for the first two years of the individual's incapacity for work.

Health

- Health insurance: contracts cover medical expenses incurred by physicians and hospitals, and other medical expenses. Basic coverage ('Basisverzekering') is mandatory for all residents of the Netherlands and offers limited coverage as stipulated by the Dutch government. Additional coverage ('Aanvullende verzekering') is sold for a higher level of medical care.

Non-life insurance liabilities

In Property and Casualty and health insurance, the provisions are based on case reserves estimates for reported claims, as well as additional provisions such as IBN(E)R provisions. In disability insurance the provisions are based on assumptions underlying the premium calculation. In the case of disability current information is taken into account. By applying shadow accounting, recent impact of movements in the interest rates and credit spreads on corporate bonds are recognized in the provisions.

In particular for WGA the provision unavoidably depends on expert judgement. Since the WIA law was introduced in 2006 and the WGA product has a two year waiting period, only limited and often unstable claims information is available. In particular, expert judgment is used on longer term recoveries and the outflow to the IVA (Inkomensvoorziening Volledig Arbeidsongeschikten) for fully disabled. Both are being stimulated by disability reassessments. Indications are that these are effective.

Provision for unearned premium income

Generally, the provision for unearned premium income is calculated based on the premium for own account, proportionate to the unexpired portion of the premium payments. A separate provision is formed for insurance contracts with increasing risk over the duration of the contract where premiums not related to the age of the policyholder are concerned. For Health insurance the provision has the characteristics of an insufficient premium reserve that is based on estimates of the profitability in 2016. Changes in the provision for unearned premiums are recognized through profit and loss, which means that the income is recognized during the same risk period.

Provision for claims

The provision for claims consists of the estimated amount of the reported but not settled claims plus an amount for claims not yet reported or incurred during or before the financial year. The latter part is based on historical information. This provision includes a provision for payable external claims handling costs.

The provision for claims also consists of provision for unexpired risk. A provision for unexpired risk is formed to the extent that future claims and expenses—in respect of current insurance contracts—exceed future contractual premiums, taking into account the current unearned premium reserve.

The provision for claims for disability insurance equals the present value of the expected benefits, taking account of the policy terms and conditions and waiting periods, as well as the chances of recovery and death.

For the retained disability portfolio, a provision is formed for current risk exposure on contracts concluded in 2015 that run until 31 December 2016. This provision is based on the difference between premiums required for accounting and actuarial purposes.

The balance sheet of a.s.r.'s basic health insurance ('Basisverzekering') includes an estimate related to the expected settlement because of equalization ('vereveningsmethodiek'). The estimate is made by internal actuaries per year based on the latest updated health information for the Netherlands. At the end of the

5.3 Risk management (Continued)

first quarter, a.s.r. monitors if the assumptions used are correct. The final settlement is recognized three years after the end of the financial year.

For social as well as commercial reasons, and in line with most competitors, a.s.r. has set the Basic Health premium level for 2015 below its actuarial cost price. A provision of € 39 million has been established to reflect this.

The provisions for claims and the provision for unearned premiums at year-end 2015, 2014 and 2013 can be broken down as follows:

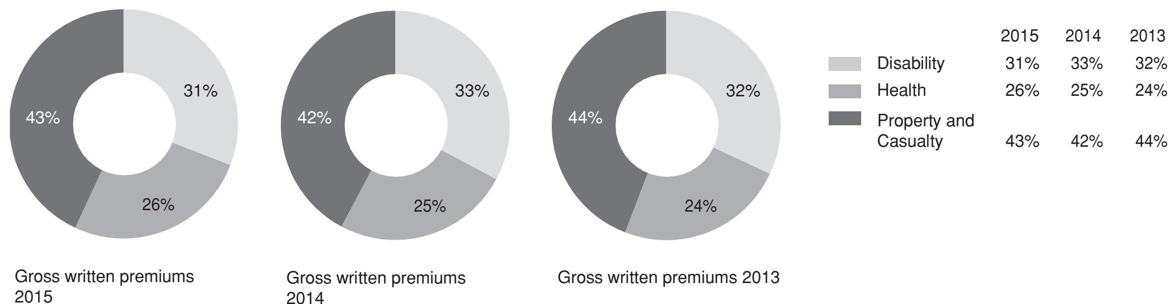
	31 December 2015	31 December 2014	31 December 2013
P&C	**976**	**970**	**1,005**
Provision for claims	767	770	799
Provision for unearned premium	209	200	206
Disability	**3,195**	**3,230**	**2,885**
Provision for claims	3,040	3,036	2.682
Provision for unearned premium	155	194	203
Health	**342**	**371**	**350**
Provision for claims	303	346	345
Provision for unearned premium	39	25	5
Total	**4,513**	**4,571**	**4,240**

The adequacy of these provisions are reviewed at each reporting date using appropriate current principles.

Premiums

Total gross written premium income in 2015 amounted to € 2,350 million (2014: € 2,359 million; 2013: € 2,392 million). In 2015 the net reinsurance premium amounted to € 86 million (2014: € 136 million; 2013: € 118 million), which represents 3.66% (2014: 5.76%; 2013: 4.95%) of gross premium income.

Gross premiums written



The above diagrams illustrate the distribution of gross premium income across the different business lines. For disability insurance contracts, the premium income is relatively low compared to the claims reserve. Due to the rapid settlement of the P&C business in general, which generates 43% of premium income, the P&C business only represents 19% of the total claims reserve.

P&C insurance risk

P&C insurance risk is the risk that future P&C insurance claims and benefits cannot be covered by premium and/or investment income, or that P&C insurance liabilities and results are threatened because the assumptions, used in the development and premium-setting of a product are not realistic.

P&C insurance risk primarily comprises of risks resulting from third-party liability and general third-party liability. Insurance liabilities are formed to cover the scale and the long-term character of the claims.

Disability and health insurance risk

The main risks within the disability and health portfolio are disability, health, lapse and revision risk.

Disability risk is the risk associated with the uncertainty of claims as a result of higher than expected disability rates and levels in portfolios containing disability insurance products. An additional uncertainty is that recovery or mortality rates might be lower than expected.

Illness, disability and recovery are affected by the economic climate, government intervention, progress in medical science and healthcare costs.

Health risk is the risk that future health insurance claims and benefits cannot be covered by premium and/or investment income, or that health insurance liabilities and results are threatened because the assumptions, used in the development and premium-setting of a product are not realistic.

Lapse risk is the risk that policyholders use options available in the insurance contracts in a way that is different from a.s.r.'s expectations. Lapse therefore affects the profitability of the insurance contracts.

Revision risk manifests itself exclusively in the disability insurance portfolio. Revision risk is the risk of loss, or of adverse change in the value of insurance liabilities resulting from fluctuations in the level, trend, or volatility of the revision rates applied to annuities, due to changes in the legal environment or in the state of health of the person insured.

Managing non-life insurance risk

Non-life insurance risk is managed by monitoring claims frequency, the size of claims, inflation, handling time, benefit and claims handling costs, and biometrical risks (disability, recovery, illness, death). Concentration risk also qualifies as an insurance risk.

In recent years, measures have been taken to improve profitability and to reduce risk. Examples are: premium increases, stricter acceptance criteria, shorter claims filing terms and making use of the claims reassessment arrangement between the Dutch Association of insurers and social security institute UWV. Effects are being monitored closely and assessed to be effective. New legislation, in force as January 1 2017, will invoke market-wide changes to the product design, pricing and conditions, thereby creating both additional market opportunities and creating additional risks for a.s.r.

Claims frequency, size of claim and inflation

To mitigate the risk of claims, a.s.r. bases its underwriting policy on claims history and risk models. The policy is applied to each client segment and to each type of activity. In order to limit claims and/or ensure that prices are adjusted correctly, the acceptance policy is continually refined using a number of indicators and statistical analyses. The product lines also use knowledge or expectations with respect to future trends to estimate the frequency, size and inflation of claims. The risk of unexpected major damage claims is contained by policy limits, the concentration of risk management and specific risk transfer contracts (e.g. reinsurance).

Handling time

The time required for handling and settling claims is an important factor. The settlement of claims that have a long handling time, such as liability claims, can take many years. Analyses are performed regularly and based on a.s.r.'s experience in similar cases, historical trends—such as the pattern of liabilities—increases in risk exposure, payment of damages, the scale of current and not yet settled damage claims, court rulings and economic conditions.

Benefit and claims handling costs

Taking estimated future inflation into account, benefit and claims handling costs are managed on the basis of regular reviews and related actions.

Disability risk

Disability risk is controlled by means of regular evaluation of historical claims patterns, expected future developments and price adjustments. Disability risk is mitigated by a.s.r. through underwriting criteria and a proactive reintegration policy. a.s.r. also mitigates its disability risk through suitable reinsurance.

Concentration risk

The risk exposure of a.s.r. on its non-life portfolio is geographically almost entirely located in the Netherlands. Concentration of insurance risks is particularly prevalent in the fire risk portfolio (i.e. home and content, with storm risk forming the most important factor). Storm risk is managed by means of suitable reinsurance (see also 'Reinsurance').

There is also a concentration of risk in group disability schemes. Group disability contracts are underwritten within the scope of disability cover for employees in the Netherlands (WIA).

Reinsurance

When deemed effective in terms of capital relief versus costs incurred, a.s.r. enters into reinsurance agreements to mitigate non-life insurance risks. Reinsurance can be taken out for each separate claim (per risk), for the accumulation of claims due to natural disasters or to human actions (per event), or for both these risks.

The level of retention in the various reinsurance contracts is aligned to the size and the risk profile of the underlying portfolios, taking account of the cost of reinsurance on the one hand and of the risk that is retained on the other. By determining the retention, the impact on the statement of financial position is taken into account as well. The difference in the retention of disability depends on the structure of the contract (basic coverage or indexed).

To limit risk concentration, reinsurance contracts are placed with various reinsurance companies. a.s.r. requires the counterparties to be rated at least single A. The reinsurance programme has remained largely the same as previous years in terms of cover and limits. The most significant reinsured risks are windstorm and individual disability. In 2015, a.s.r. purchased excess of loss reinsurance for accident year 2016 for windstorm in excess of € 30 million with a limit of € 344 million. For individual disability for self-employed policyholders approximately 30% of the inception risk is being reinsured.

5.3.6.2 Life insurance portfolio

The life insurance portfolio of a.s.r. is diverse. The portfolio can be divided into two main product types: individual life (including funeral insurance) and group life. The insurance contracts are sold primarily to retail and wholesale clients through intermediaries.

The life insurance portfolio contains individual and group insurance contracts. The products are sold as insurance products in cash and unit-linked contracts. With respect to products in cash, the investment risk is borne fully by the insurer whereas, in case of unit-linked products, the majority of the investment risk is for the policyholder's account.

Life insurance liabilities

The technical provision is based on the premium calculation at the time the contract is issued. The probability of death is based on past experience and on expected future developments in mortality rates. Additional liabilities are arranged in case of unfavourable trends following the issue date (e.g. increased life expectancy).

In life insurance the provisions are based on assumptions underlying the premium calculation. By applying shadow accounting, recent impact of movements in the interest rates and credit spreads on corporate bonds are recognized in the provisions.

5.3 Risk management (Continued)

The provision at year-end 2015, 2014 and 2013 can be broken down as follows:

Life insurance contracts	31 December 2015	31 December 2014	31 December 2013
Individual	**14,470**	**13,552**	**12,295**
Without profit-sharing	6,462	4,897	4,161
Contractual profit-sharing (and interest margin participation)	6,391	6,590	5,984
Discretionary profit-sharing	1,617	2,065	2,150
Group	**11,590**	**10,100**	**7,393**
Without profit-sharing	4,481	1,827	1,578
Contractual profit-sharing (and interest margin participation)	7,109	8,276	5,780
Discretionary profit-sharing	0	0	0
Total	**26,060**	**23,655**	**19,653**

The increase in total life insurance contracts mainly results from the acquisition of AXENT and De Eendragt amounting to € 3,168 million. The development of the provision is explained in chapter 5.16.

Insurance contracts on behalf of policyholders	31 December 2015	31 December 2014	31 December 2013
Individual	**6,189**	**6,412**	**6,384**
No guaranteed return	5,217	5,424	5,664
Guaranteed return	972	988	720
Group	**3,808**	**3,367**	**2,608**
No guaranteed return	1,996	1,765	2,287
Guaranteed return	1,812	1,602	321
Total	**9,997**	**9,779**	**8,992**

The development of the provision is explained in chapter 5.16.

Adequacy of insurance liabilities

The adequacy of the technical insurance liabilities is tested at least every quarter. The a.s.r. testing policy for liabilities complies with IFRS requirements and DNB guidelines (see accounting policy J, chapter 5.2.2).

The overall adequacy of the liabilities arising from insurance contracts at 31 December 2015 has been confirmed by internal actuaries and certified by external actuaries.

Life insurance risk

Life insurance risks are the risks related to the events insured by a.s.r. and comprise mortality, longevity, disability, lapse, expense and catastrophe risks. These risks result from the pricing and acceptance of insurance contracts as well as the management and development of the insurance portfolio. Life insurance risk manifests itself in ASR Levensverzekering N.V., AXENT NabestaandenZorg N.V. and De Eendragt Pensioen N.V. The main product lines are life products, pension products and funeral products.

A life insurance product provides an entitlement to a benefit at the time of death of the insured and/or a benefit at a predetermined date/interval if the insured is- alive at that time. The uncertainties related to a life insurance contract have to do with the date of death of the insured (mortality, longevity and catastrophe risk), the lapse rate (the possibility that a contract lapses), and the future development of expenses associated with the policy. A specific feature of life insurance contracts is that they usually last for many years. This feature increases the uncertainties with respect to life contracts. The risk that the investment income will be not sufficient is regarded as market risk (see chapter 5.3.4).

The following life risks are distinguishes by a.s.r.:

• Mortality risk: the risk of losses due to the possibility that actual mortality exceeds expected mortality;

5.3 Risk management (Continued)

- Longevity risk: the risk of a structural increase in the insured's life expectancy that leads to an increase in expectations of future annuity and pensions benefits;
- Catastrophe risk: the risk of a large-scale one-off loss due to a single event causing high death-claims, such as a pandemic;
- Disability risk: the risk associated with the uncertainty of claims as a result of higher than expected disability rates and levels in portfolios containing disability insurance products;
- Lapse risk: the risk of losses due to policyholders exercising their rights, if any, to surrender their contracts;
- Expense risk: the risk of losses due to a change in the level, development or volatility of company expenses.

Mortality, longevity and catastrophe risk

Mortality risk occurs when claims are higher due to higher mortality experience (for instance in relation to term insurance). Longevity risk is the risk that insured persons live longer than expected due to mortality improvements. Mortality risk and longevity risk can be subdivided into:

- Volatility: random fluctuations in annual mortality rates in relation to the modelled trend;
- Trend uncertainty: structural decline in the insured's life expectancy.

For contracts that guarantee benefits during a policyholder's lifetime, longevity risk is mainly a trend risk. The adequacy of insurance liabilities is measured using information gathered from the most recent published mortality table of the Actuarial Society of the Netherlands published in 2014, 'Prognosetafel AG2014'. This recent table contains the latest available data on mortality trends for the Dutch population.

The longevity risk is partially offset by the opposite risk (i.e. mortality risk) in other parts of the life insurance portfolio (unit- linked, funeral, term insurance). Changes in mortality tables impact the future expected benefits to be paid and the present value of these future impacts is reflected directly in measures. Longevity risk exposes a.s.r. primarily to mortality improvements and the present value impact is larger when interest rates are low.

Life catastrophe risk measures the impact of a sudden one-year increase of the mortality rates on the financial position of a.s.r. In general, catastrophe risk diversifies well with other risks.

Disability risk

In a.s.r.'s life insurance portfolio, disability risk is limited. It relates to additional cover for disability risk on life insurance policies such as premium waivers. a.s.r.'s exposure to disability risk lies mainly in disability insurance which pays out a fixed amount, reimburses losses (e.g. loss of income), or pays for expenses of medical treatment related to certain illness or disability events.

Lapse risk

Lapse risk is the risk that policyholders use options available in the insurance contracts in a way that is different from that expected by a.s.r. Depending on the terms and conditions of the insurance policy and the laws and regulations applicable to the policy, policyholders could have the option to surrender or to make the policy paid up. If a policyholder has the right to surrender their contract, an amount is paid to the policyholder (the surrender value) and the contract is cancelled. A contract can also be terminated if the policyholder decides to cease to pay any further premiums. The contract is then converted into a paid-up contract. Lapse therefore affects the profitability of the insurance contracts.

The provision for each life insurance contract equals at least the surrender value or the paid-up value of the contract.

As a result no direct loss from lapses are recognized in the financial statements. Although a lapse does not lead to a direct loss in the statement of income, due to the surrender value requirement underlying the provision, a lapse might lead to a loss of future profits.

Drivers of lapse risk include the state of the economy, the financial position of the policyholder, the financial strength of the insurer, the reputation of the insurer and fiscal policy. Also, changes in tax laws and regulations can affect lapse behaviour, particularly when the tax treatment of their products affects the attractiveness of these products for customers.

Expense risk

A part of the administrative expenses is variable, depending on the size of the business and sales volumes, and part are fixed and cannot immediately be adjusted to reflect changes in the size of the business. Expense risk relates primarily to the fixed part of a.s.r.'s expenses, and is the risk that actual per policy expenses in the future exceed the assumed per policy expenses.

Product features ensure that there is no risk on commission fees. Expense risk is therefore restricted to maintenance expenses. Projections are made of future maintenance expenses and the expected future income from contracts to cover those maintenance expenses. This prospective analysis of maintenance expenses are the basis for managing and controlling expense risk. In 2015 a.s.r. again carried out extensive analysis of the cost allocation process and the modeling of costs in the products in the segment Life. The impact of any (methodology) change in the costs modelling or parameter setting is quantified by sensitivity analysis. The sensitivity analysis gives insight in the expense risk as well.

Managing life insurance risk

Life insurance risk is mitigated by pricing ,underwriting policies and reinsurance.

Pricing is based on profit capacity calculations. The necessary price to cover the risks is calculated. The risk are quantified on the basis of best estimate assumptions of mortality rates, surrenders, expenses and interest rates.

Underwriting policies describe the types of risks and the extent of risk a.s.r. is willing to accept. Policyholders may be subjected to medical screening for individual life insurance.

Reinsurance

The group enters into reinsurance contracts to minimize insurance risks. Reinsurance may be in place for a separate contract or for all or part of the portfolio. In order to optimise its balance sheet risks, ASR Levensverzekering N.V. entered into a reinsurance agreement with Legal and General Re (via Hannover Re as fronting reinsurer) in 2015. The agreement entailed the transfer of € 201 million of pension obligations to Legal and General Re.

Reinsurance and other risk-mitigating measures are used to reduce and contain the volatility of results or to decrease the possible negative impact on value as an alternative for the capital requirement. Reinsurance arrangements have been set up to mitigate the effects of catastrophes on earnings.

The level of retention in different reinsurance contracts is aligned to the size and the risk profile of the underlying portfolios. This includes taking account of the cost of reinsurance on the one hand and the risk that is retained on the other.

5.3.6.3 Post-employment benefits

Post-employment benefits are sensitive to several risks, which together form the risk that the liabilities exceed the assets of a defined benefit pension plan. To fulfil the obligation to finance the pension plan, ASR Nederland N.V. has insured the post- employment benefit plans for a.s.r.'s employees primarily with ASR Levensverzekering N.V., an insurance company within the a.s.r. group. As a result of the acquisition in 2015 there are a number of new pension plans which are mainly insured with other insurance companies.

ASR Levensverzekering N.V. is the insurer of the majority of the post-employment benefit plan and as such the asset liability management and risk management is performed in accordance with the relevant insurance risks as disclosed in chapter 5.3.6.2. The non-qualifying assets managed by group companies are used to fund the liability and are not deducted from the defined benefit obligation.

These are schemes under which staff is awarded pension benefits upon retirement. The main risks for these plans are interest rate, longevity and inflation risk. A description of the plans, assumptions, sensitivities and disclosure related to the post-employment benefits plans is included in chapter 5.17.

As discussed in chapter 5.3.4.1 interest rate risk is managed on a legal entity basis and for the group all interest rate sensitive balance sheet items are in scope, including the post employee benefit obligations of the group. As a result the mitigating measure taken through the use of the overlay portfolio of interest rate swaps and swaptions are not allocated to specific sub portfolios. The unrealized fair value gains and losses of the derivatives, included in the overlay portfolio of interest rate swaps and swaptions, are recognized through shadow accounting in the liabilities arising from insurance contract.

Hereby a.s.r. ensures that the insurance contract liability is sufficient to meet its commitments towards its policyholders.

5.3.7 Strategic and operational risk

Strategic risk is defined as the risk that a.s.r. will not reach its strategic objectives, because risk considerations are not or incorrectly addressed in decision-making processes, incorrect implementation of decisions and/or failure to respond adequately to market developments. Since a.s.r. wants to remain a solid, trusted and profitable insurance company in the Dutch insurance market, which is continuously under pressure, it is extremely important to identify strategic issues and opportunities and to take the appropriate actions.

Operational risk is the risk of losses resulting from inadequate or failing internal processes, persons and systems, or from external events (including legal risk).The main areas where operational risks are incurred are operations, IT, outsourcing, integrity and legal issues.

Strategic and operational risks are mitigated at different levels in the organization.

Strategic risk

Risk priorities

The Executive Board of a.s.r. decides annually on the most important risk priorities. The definition of risk priorities is the result of both a bottom-up and top down process. Bottom up through the results of the Control Risk Self Assessments of the business units, top down through the results of a strategic risk analysis with the board. Risk Management reports the actual status of the risk priorities and progress made on the defined actions to the a.s.r. Risk Committee on a quarterly basis.

5.3 Risk management (Continued)

Own Risk and Solvency Assessment

a.s.r. conducts an own risk and solvency assessment (ORSA) at both group and legal entity level each year or more frequently if required by significant changes in a.s.r.'s risk profile. The ORSA is a tool for risk and capital management. In this assessment, strategic risks are transposed into scenarios. In these scenario's the impact on the balance sheet, the solvency position and the income statement is simulated. Management actions are defined in order to mitigate the impact of risks modelled in the various scenarios.

Control Risk Self-Assessment

Under supervision of Group Risk Management, a Control Risk Self-Assessment (CRSA) is conducted annually for all a.s.r. business lines and staff departments to identify risks that have an impact on the achievement of the organization's strategic objectives. Following this assessment, each department prepares a report outlining all identified key risks and actions taken to mitigate these risks. This report and the mitigating actions are authorized by the management teams of the business units and the Executive Board. Senior Management signs the Management in Control Statement (MCS) each year which is based on the CRSA. Progress made on the mitigating actions as defined in the CRSA is monitored on a quarterly basis in the Business Risk Committees and reported to the Non- Financial Risk Committee.

Operational risk

Management in control

a.s.r. has developed a Management in Control framework that entails the most important risks for a.s.r.'s operating activities. It is a tool that is used to improve the efficiency and effectiveness of a.s.r.'s operating processes. This framework includes operational (including IT), financial reporting and compliance risks and controls and ensures the reliability, accuracy, timeliness, and quality of our internal and external reporting processes. Identified risks need to be managed within the stated risk appetite ambition. Key controls are periodically tested for operational effectiveness and reported to the Business Risk Committee and Non-Financial Risk Committee on a quarterly basis. Group Risk Management reviews the quality of the Management in Control Frameworks of all business lines on a continuous basis to ensure a sufficient level of internal control.

Operational losses

a.s.r. has a process in place for reporting losses in excess of € 5,000 (five thousand) to the Group Risk Management department. Losses below this level are reported within the business unit. The causes of losses and lessons learned are evaluated, which can result in enhancements to our Management in Control framework. Losses are reported to the Non-Financial Risk Committee.

Business Continuity Management and contingency planning

Critical processes and activities are identified, including the resources needed to establish similar activities at a remote location. The continuity of the activities and the recovery of systems supporting critical activities is regularly tested. Crisis teams have been established and are trained every year to deal with any type of catastrophe. The objective of the training is to give the teams insight into how they function and help them do their job in case of an emergency. The training also clarifies the roles, duties and responsibilities of the members of the crisis teams.

Information security

Because of the importance of information security in an increasingly digital community with cyber threats, a.s.r. devotes special attention to the efficiency, effectiveness and integrity of ICT. The logical access control for key applications used in the financial reporting process remains a high priority in order to enhance the integrity of applications and data.

The logical access control procedure also prevents fraud by improving segregation of duties and by conducting regular checks of actual access levels within the applications. Proper understanding of information, security and cyber risks is essential, and this is why actions are carried out to create awareness among employees and business lines.

5.3 Risk management (Continued)

5.3.8 Monitoring of new and existing products

Group Risk Management, Integrity and Juridical Affairs participate in the product approval committee (PARP). All these departments evaluate if risks in newly developed products are sufficiently addressed. New products need to be developed in a way that they are cost efficient, reliable, useful and secure. New products also need to have a strategic fit with a.s.r.'s mission to be a solid and trustful insurer. Also the risks of existing products are evaluated, as requested by the PARP as a result of product reviews.

5.3.9 Hedge accounting

The group has entered into a limited number of cash flow hedges, for which it applies hedge accounting to hedge some of its interest rate risk in the Real Estate Development segment. These hedging transactions, only hedge risk on a limited number of separate property development contracts. Under IFRS, derivatives are measured at fair value in the balance sheet and any changes in the fair value are recognized through profit and loss. In the event that changes in the fair value of hedged risks are not recognized through profit and loss, an accounting mismatch occurs, making the results more volatile. In these cases, hedge accounting is applied to mitigate the accounting mismatch and volatility.

For details on the notional amounts and the fair values of the derivatives for hedging purposes, see chapter 5.11.

5.3.10 Solvency II

Solvency II is the regulatory framework for European insurance companies that is has come into force at 1 January 2016 after many years of preparation. The Solvency II regime contains requirements that insurance companies need to comply with. The introduction of the new regime is intended to harmonize the European insurance market, increase protection of policyholders and improve risk awareness in both the governance and management of insurance companies.

Solvency II sets more sophisticated solvency requirements and will form an integral part of the risk management of insurance companies.

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

5.4 Capital Management

5.4.1 Capital management objectives

The group is committed to maintaining a strong capital position in order to be a robust insurer for its policyholders and other stakeholders. The objective is to maintain a solvency level that is within the limits as defined in the risk appetite statements and in line with the solvency targets. Sensitivities are periodically performed for principal risks and annual stress tests are performed to test a.s.r.'s robustness to withstand moderate to severe scenarios. An additional objective is to achieve a combination of a capital position and a risk profile that is at least in line with a single A Standard & Poor's rating.

Until 2015 Solvency I is the supervisory regime, from 1 January 2016 it will be Solvency II. The group has done its preparations for the Solvency II capital requirements. In 2015, a.s.r. has implemented a process to report the Solvency Capital Requirement as defined by Solvency II using the latest standard Solvency II model, as defined in the Delegated Act, and additional guidance received from DNB during 2015 to quantify the risks. The implementation of Solvency II will be finalized in 2016.

In addition, a.s.r. uses an Economic Capital (ECAP) method that in a.s.r.'s view reflects its own risk profile more accurately. The ECAP method will continuously be refined further, reflecting changes in our portfolio and increasing understanding of our risk profile. Both SCR and ECAP are reported on a quarterly basis and proxies are made on a monthly basis. Per year-end 2015 a.s.r. has sufficient capital to meet the solvency limits included in a.s.r. risk appetite and the solvency targets.

5.4 Capital Management (Continued)

5.4.2 Solvency

The regulatory solvency capital (Solvency I) of a.s.r.:

	December 2015	December 2014	December 2013
Solvency available (incl UFR)	5,575	4.984	4,182
Solvency required	1,830	1,749	1,563
Solvency ratio (incl UFR)	305%	285%	268%
Solvency available excl UFR	3,910	3,576	3,693
Solvency required	1,830	1,749	1,563
Solvency ratio excl UFR	214%	204%	236%

The solvency ratio including UFR as reported to the regulator increased from 285% to 305%. The available solvency increased by € 591 million. Amongst others, this is a result of positive return on equities, an increase of the value of the mortgages due to a decrease in the discounting spread, new issued subordinated liabilities and the acquisition of De Eendragt and Axent. The adjustment of models and non-economic assumptions had a negative impact on available solvency. The required solvency increased by € 81 million, mainly as a result from the acquisition of De Eendragt and Axent.

The regulator has prescribed application of the UFR to the discounting curve since 30 June 2012. As a result, the forward interest rates converge to a level of 4.2%. This has an impact of 91%—point (2014: 81%—point, 2013: 32%—point) on the regulatory solvency ratio. With respect to 2014 this impact has increased because of the acquisition of De Eendragt and Axent. Since the assumption of the UFR is artificial and might be too optimistic, a.s.r. also evaluates its solvency position without applying the UFR to the discounting curve. The next table shows the reconciliation of the available solvency to IFRS equity.

	December 2015	December 2014	December 2013
Equity	4,259	3,709	3,654
Subordinated loans	415	0	0
Correction intangible assets	−241	−105	−191
Test margin	799	899	407
Elimination of post-employment benefit plan	343	481	312
Solvency available	**5,575**	4,984	4,182

In 2015 the accounting treatment for real estate was adjusted, revaluations are now recognized in IFRS equity. With the consent of DNB, the margin on insurance liabilities (DNB LAT margin) has been taken into account in determining regulatory solvency. For a description of the LAT, see chapter 5.2.1.

Besides monitoring at group level, a.s.r. also monitors and manages the regulatory solvency of its registered insurance companies. DNB approval is required, prior to dividend payments or other repayments of equity by ASR Nederland N.V. and any of its registered insurance companies.

The a.s.r. post-employee benefit plans are insured by ASR Levensverzekering N.V., a registered insurance company. The post employee benefit provision in excess of the insurance provisions is eliminated in determining the regulatory solvency available and the regulatory solvency required. As of 2014 the elimination of post-employment benefit plan also includes the separate account of ASR Levensverzekering N.V. related to the funding of future inflation indexation as mentioned in paragraph 5.17.1.

5.4.3 Rating

Standard & Poor's confirmed the single A rating of ASR Levensverzekering N.V. and ASR Schadeverzekering N.V. on 7 July 2015.

Ratings Standard & Poor's	Type	Rating	Outlook	Date
ASR Nederland N.V.	CCR	BBB+	Stable	7 July 2015
ASR Levensverzekering N.V.	CCR	A	Stable	7 July 2015
ASR Levensverzekering N.V.	FSR	A	Stable	7 July 2015
ASR Schadeverzekering N.V.	CCR	A	Stable	7 July 2015
ASR Schadeverzekering N.V.	FSR	A	Stable	7 July 2015

Rating reports can be found on the a.s.r. website: http://asrnl. com/investor-relations/ratings.

5.4.4 Dividend and capital actions

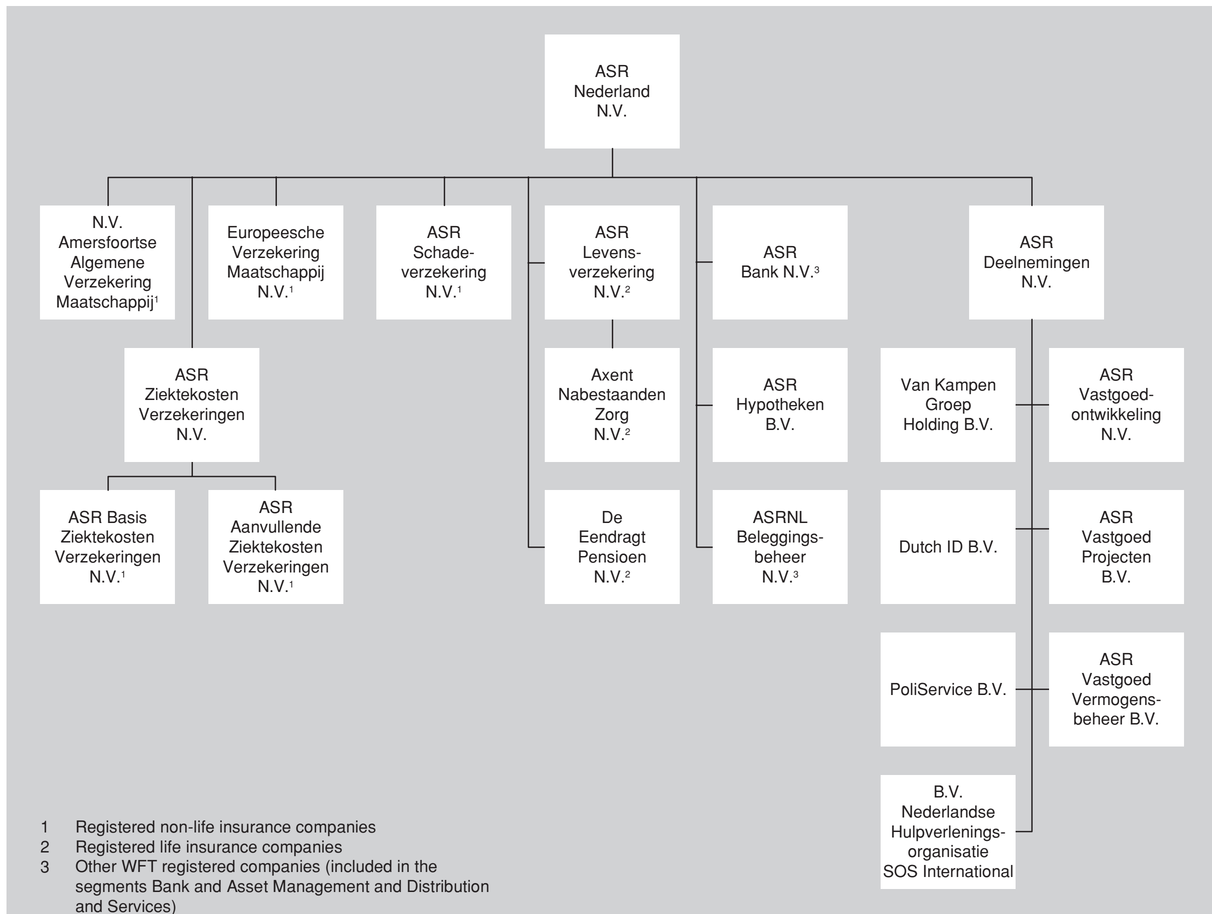
The group intends to distribute a stable dividend to the shareholders each year, subject to capital management objectives and restrictions, including the fungibility of capital from the registered insurance companies. Dividends are based on a pay-out of 40%-45% of profit attributable to equity holders after distribution to holders of other equity instruments.

In line with its objective to optimize capital position on an ongoing basis, a.s.r. issued a € 500 million Tier 2 bond transaction (see chapter 5.15). The issuance enabled a.s.r. to benefit from advantageous market circumstances further improving the quality of its hybrid capital. Proceeds from the new issue were used to fund acquisitions and create additional capital and liquidity buffer at a.s.r. group level. The terms of this transaction fully meet the requirements as stated in the new Solvency II regulation and illustrate the continuous optimization of a.s.r. in this area.

5.5 Group structure and segment information

5.5.1 Group structure

The a.s.r. group comprises a number of operating and holding companies. The legal structure of the most significant a.s.r. group entities as per 31 December 2015 is as follows:



Segment information

With effect from 1 January 2015 a.s.r. has made changes to its identified segments. The non-insurance activities are presented as the Banking and Asset Management segment, Distribution and Services segment, Holding and Other segment and Real Estate Development segment. The insurance activities remained unchanged and are presented into two segments being the Non-life segment and the Life segment.

Insurance activities

The Non-life segment consists of non-life insurance entities and their subsidiaries. These non-life insurance entities offer non-life insurance contracts. Insurance entities are entities that accept the transfer of insurance risks from policyholders.

The Life segment comprises all life insurance entities and their subsidiaries. These life insurance entities offer financial products such as life insurance contracts and life insurance contracts on behalf of policyholders. The Non-life and Life segments have different levels of profitability and growth opportunities, as well as a different outlook and risk profile. See chapter 5.39 for a list of principal group companies and associates in the relevant segments. De Eendragt Pensioen N.V. and Axent Nabestaanden Zorg N.V. are included in the Life segment as of 17 July 2015 and 25 August 2015 respectively.

5.5 Group structure and segment information (Continued)

Non-insurance activities

The non-insurance activities consist of:

- The Banking and Asset Management segment consists of banking activities, asset management activities including investment property management. These activities include ASR Bank N.V., ASR Vastgoed Vermogensbeheer B.V., ASR Nederland Beleggingsbeheer N.V. and ASR Hypotheken B.V.;
- The Distribution and Services segment includes the activities related to distribution of insurance contracts and includes the financial intermediary business of PoliService B.V., Van Kampen Groep Holding B.V. (with effect from 22 January 2015), Dutch ID B.V. (with effect from 19 November 2015) and B.V. Nederlandse Hulpverleningsorganisatie SOS International (discontinued operations and as per January 2016 these activities are sold);
- The Holding and Other segment consists primarily of the holding activities of ASR Nederland N.V. (including the group related activities), other holding and intermediate holding companies and the activities of ASR Deelnemingen N.V.;
- The Real Estate Development segment (continuing and discontinued operations) consists of the activities where property development occurs. These activities are performed in ASR Vastgoed Ontwikkeling N.V. and ASR Vastgoed Projecten B.V.

The eliminations applied in the reconciliation of the segment information to the consolidated balance sheet and the consolidated income statement are separately presented in chapter 5.5.2 and 5.5.3.

The a.s.r. segment reporting shows the financial performance of each segment. The purpose of the segment reporting is to allocate all items in the balance sheet and income statement to the segments, for which respective segment management has full responsibility.

Segment information has been prepared in accordance with the accounting principles used for the preparation of a.s.r.'s consolidated financial statements (as described in chapter 5.2).

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

The operating results of the segments are assessed on the basis of the segment's income statements.

5.5 Group structure and segment information (Continued)

5.5.2 Segmented balance sheet

As at 31 December 2015	Insurance		Non Insurance					
	Non-life	Life	Banking and Asset management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Intangible assets	1	144	—	43	84	—	—	272
Property, plant and equipment	—	153	—	5	8	—	—	166
Investment property	342	2,325	—	—	—	—	—	2,667
Associates and joint ventures	—	3	—	—	16	1	—	20
Investments	4,594	20,041	376	—	2,587	—	−2,535	25,063
Investments on behalf of policyholders	—	7,924	—	—	—	—	—	7,924
Loans and receivables	298	9,268	848	6	76	13	−23	10,486
Derivatives	5	2,191	—	—	—	—	—	2,196
Deferred tax assets	—	14	—	—	501	1	—	516
Reinsurance contracts	410	201	—	—	—	—	—	611
Other assets	125	604	2	—	−95	135	−60	711
Cash and cash equivalents	163	2,105	82	20	256	2	—	2,628
Assets held for sale	—	—	—	7	—	20	51	78
Total assets	**5,938**	**44,973**	**1,308**	**81**	**3,433**	**172**	**−2,567**	**53,338**
Equity attributable to holders of equity instruments	1,130	3,669	82	53	−655	—	−4	4,275
Non-controlling interests	—	9	—	—	—	−16	−9	−16
Total equity	**1,130**	**3,678**	**82**	**53**	**−655**	**−16**	**−13**	**4,259**
Subordinated liabilities	15	—	—	—	497	—	−15	497
Liabilities arising from insurance contracts	4,513	28,201	—	—	—	—	−2,141	30,573
Liabilities arising from insurance contracts on behalf of policyholders	—	9,997	—	—	—	—	—	9,997
Employee benefits	—	15	—	2	2,945	—	—	2,962
Provisions	—	24	2	1	23	—	—	50
Borrowings	2	44	—	1	20	8	−20	55
Derivatives	—	377	—	—	—	—	—	377
Deferred tax liabilities	72	−507	—	−1	437	—	−1	—
Due to customers	87	856	1,170	7	−1	—	−359	1,760
Due to banks	—	1,803	—	1	—	—	—	1,804
Other liabilities	119	485	54	12	167	147	−18	966
Liabilities relating to assets held for sale	—	—	—	5	—	33	—	38
Total liabilities	**4,808**	**41,295**	**1,226**	**28**	**4,088**	**188**	**−2,554**	**49,079**
Total liabilities and equity	**5,938**	**44,973**	**1,308**	**81**	**3,433**	**172**	**−2,567**	**53,338**
Additions to								
Intangible assets	—	24	—	1	84	—	—	109
Property, plant and equipment	—	35	—	—	2	—	—	37
Total additions	**—**	**59**	**—**	**1**	**86**	**—**	**—**	**146**

5.5 Group structure and segment information (Continued)

As at 31 December 2014	Insurance		Non Insurance					
	Non-life	Life	Banking and Asset management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Intangible assets	1	134	—	5	−1	—	—	139
Property, plant and equipment	1	130	—	1	8	—	—	140
Investment property	360	2,442	31	—	—	—	—	2,833
Associates and joint ventures	—	3	—	—	12	27	—	42
Investments	4,765	17,823	329	—	2,565	—	−2,519	22,963
Investments on behalf of policyholders	—	7,957	—	—	—	—	—	7,957
Loans and receivables	428	8,298	797	10	111	23	−60	9,607
Derivatives	3	3,432	—	—	—	—	—	3,435
Deferred tax assets	−92	214	—	—	127	—	−2	247
Reinsurance contracts	419	—	—	—	—	—	—	419
Other assets	40	571	−65	2	102	85	2	737
Cash and cash equivalents	183	2,827	47	9	62	7	—	3,135
Assets held for sale	—	—	—	—	—	—	—	—
Total assets	**6,108**	**43,831**	**1,139**	**27**	**2,986**	**142**	**−2,579**	**51,654**
Equity attributable to holders of equity instruments	1,214	3,159	43	12	−719	22	−2	3,729
Non-controlling interests	—	9	—	—	—	−20	−9	−20
Total equity	**1,214**	**3,168**	**43**	**12**	**−719**	**2**	**−11**	**3,709**
Subordinated liabilities	15	30	—	—	—	—	−45	—
Liabilities arising from insurance contracts	4,571	25,806	—	—	—	—	−2,151	28,226
Liabilities arising from insurance contracts on behalf of policyholders	—	9,779	—	—	—	—	—	9,779
Employee benefits	—	—	—	—	3,123	—	—	3,123
Provisions	—	18	1	2	12	5	—	38
Borrowings	7	92	—	—	30	18	−30	117
Derivatives	—	386	—	—	1	—	—	387
Deferred tax liabilities	—	—	—	—	—	—	—	—
Due to customers	50	1,202	1,028	3	−1	—	−333	1,949
Due to banks	—	3,027	—	—	250	—	—	3,277
Other liabilities	251	323	67	10	290	117	−9	1,049
Liabilities relating to assets held for sale	—	—	—	—	—	—	—	—
Total liabilities	**4,894**	**40,663**	**1,096**	**15**	**3,705**	**140**	**−2,568**	**47,945**
Total liabilities and equity	**6,108**	**43,831**	**1,139**	**27**	**2,986**	**142**	**−2,579**	**51,654**
Additions to								
Intangible assets	—	—	—	1	—	—	—	1
Property, plant and equipment	—	53	—	1	3	—	—	57
Total additions	**—**	**53**	**—**	**2**	**3**	**—**	**—**	**58**

5.5 Group structure and segment information (Continued)

As at 31 December 2013	Insurance		Non Insurance					
	Non-life	Life	Banking and Asset management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Intangible assets	1	246	—	6	—	—	—	253
Property, plant and equipment	1	84	—	1	11	—	—	97
Investment property	342	2,393	24	—	—	—	—	2,759
Associates and joint ventures	—	3	—	—	12	27	—	42
Investments	4,154	15,245	240	—	2,080	—	−2,031	19,688
Investments on behalf of policyholders	—	7,705	—	—	—	—	—	7,705
Loans and receivables	431	7,558	719	8	252	25	−199	8,794
Derivatives	4	1,050	—	—	—	—	—	1,054
Deferred tax assets	−77	62	−1	1	26	3	—	14
Reinsurance contracts	407	—	—	—	—	—	—	407
Other assets	52	503	−67	—	83	150	−3	718
Cash and cash equivalents	289	997	57	6	136	11	25	1,521
Assets held for sale	—	—	—	—	—	—	—	—
Total assets	**5,604**	**35,846**	**972**	**22**	**2,600**	**216**	**−2,208**	**43,052**
Equity attributable to holders of equity instruments	972	3,191	24	10	−552	33	−3	3,675
Non-controlling interests	—	—	—	—	—	−18	—	−18
Total equity	**972**	**3,191**	**24**	**10**	**−552**	**15**	**−3**	**3,657**
Subordinated liabilities	15	30	—	—	—	—	−45	—
Liabilities arising from insurance contracts	4,240	21,642	—	—	—	—	−1,989	23,893
Liabilities arising from insurance contracts on behalf of policyholders	—	8,992	—	—	—	—	—	8,992
Employee benefits	—	—	—	—	2,426	—	—	2,426
Provisions	1	7	1	2	19	6	—	36
Borrowings	5	76	—	3	77	47	−110	98
Derivatives	—	533	—	—	—	2	—	535
Deferred tax liabilities	—	—	—	—	—	—	—	—
Due to customers	30	319	888	—	169	—	−40	1,366
Due to banks	2	675	—	—	—	—	—	677
Other liabilities	339	381	59	7	461	146	−21	1,372
Liabilities relating to assets held for sale	—	—	—	—	—	—	—	—
Total liabilities	**4,632**	**32,655**	**948**	**12**	**3,152**	**201**	**−2,205**	**39,395**
Total liabilities and equity	**5,604**	**35,846**	**972**	**22**	**2,600**	**216**	**−2,208**	**43,052**
Additions to								
Intangible assets	—	1	—	5	2	—	—	8
Property, plant and equipment	—	48	—	—	2	—	—	50
Total additions	**—**	**49**	**—**	**5**	**4**	**—**	**—**	**58**

The comparative figures for 2014 and 2013 have been restated as a result of the change in accounting policies (see chapter 5.2.1) and due to the change in the identified segments.

5.5 Group structure and segment information (Continued)

5.5.3 Segmented income statement

2015	Insurance		Non Insurance					
	Non-life	Life	Banking and Asset management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Continuing operations								
Gross premiums written	2,350	1,828	—	—	—	—	−86	4,092
Change in provision for unearned premiums	16	—	—	—	—	—	—	16
Gross insurance premiums	**2,366**	**1,828**	**—**	**—**	**—**	**—**	**−86**	**4,108**
Reinsurance premiums	−131	−212	—	—	—	—	—	−343
Net insurance premiums	**2,235**	**1,616**	**—**	**—**	**—**	**—**	**−86**	**3,765**
Investment income	126	1,145	116	—	12	2	−41	1,360
Realized gains and losses	72	643	−1	—	—	2	—	716
Fair value gains and losses	24	896	—	—	1	—	1	922
Result on investments on behalf of policyholders	—	559	—	—	—	—	—	559
Fee and commission income	26	—	11	25	—	—	−10	52
Other income	3	31	—	1	—	50	—	85
Share of profit/(loss) of associates and joint ventures	—	—	—	—	1	—	—	1
Total income	**251**	**3,274**	**126**	**26**	**14**	**54**	**−50**	**3,695**
Insurance claims and benefits	−1,745	−3,938	—	—	—	—	142	−5,541
Insurance claims and benefits recovered from reinsurers	79	212	—	—	—	—	—	291
Net insurance claims and benefits	**−1,666**	**−3,726**	**—**	**—**	**—**	**—**	**142**	**−5,250**
Operating expenses	−207	−205	−48	−22	−112	−6	25	−575
Restructuring provision expenses	−15	−11	−1	—	—	−3	—	−30
Commission expenses	−361	−18	—	—	—	—	10	−369
Impairments	9	16	—	—	4	—	—	29
Interest expense	−1	−166	−21	—	29	−1	−83	−243
Other expenses	−28	−71	−46	—	−2	−137	42	−242
Total expenses	**−603**	**−455**	**−116**	**−22**	**−81**	**−147**	**−6**	**−1,430**
Profit before tax	**217**	**709**	**10**	**4**	**−67**	**−93**	**—**	**780**
Income tax (expense) / gain	−48	−153	−2	−1	52	2	—	−150
Profit after tax from continuing operations	**169**	**556**	**8**	**3**	**−15**	**−91**	**—**	**630**
Discontinued operations								—
Profit (loss) from discontinued operations net of tax	—	—	—	−7	—	−19	—	−26
Profit for the year	**169**	**556**	**8**	**−4**	**−15**	**−110**	**—**	**604**
Profit attributable to non-controlling interests	—	−1	—	—	—	−3	1	−3
Profit attributable to holders of equity instruments	**169**	**555**	**8**	**−4**	**−15**	**−113**	**1**	**601**

5.5 Group structure and segment information (Continued)

2015		Insurance		Non Insurance					
		Non-life	Life	Banking and Asset management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Intangible assets	Impairment	—	—	—	—	—	—	—	—
Property, plant and equipment	Impairment	—	−1	—	—	—	—	—	−1
	Reversal	—	6	—	—	—	—	—	6
Associates and joint ventures	Impairment	—	—	—	—	−3	—	—	−3
Investments available for sale	Impairment	−2	−11	—	—	—	—	—	−13
	Reversal	2	25	—	—	—	—	—	27
Loans and receivables	Impairment	−24	−20	—	—	−1	—	—	−45
	Reversal	33	17	—	—	8	—	—	58
Total impairments	**Impairment**	**−26**	**−32**	**—**	**—**	**−4**	**—**	**—**	**−62**
	Reversal	**35**	**48**	**—**	**—**	**8**	**—**	**—**	**91**
	Total	**9**	**16**	**—**	**—**	**4**	**—**	**—**	**29**

2014 (restated)	Insurance		Non Insurance					
	Non-life	Life	Banking and Asset management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Continuing operations								
Gross premiums written	2,359	1,543	—	—	—	—	−115	3,787
Change in provision for unearned premiums	−4	—	—	—	—	—	—	−4
Gross insurance premiums	**2,355**	**1,543**	**—**	**—**	**—**	**—**	**−115**	**3,783**
Reinsurance premiums	—	−10	—	—	—	—	—	—
Net insurance premiums	**2,225**	**1,533**	**—**	**—**	**—**	**—**	**−115**	**3,643**
Investment income	135	1,207	108	—	14	2	−34	1,432
Realized gains and losses	91	361	—	—	−1	—	—	451
Fair value gains and losses	4	562	—	—	−2	—	1	565
Result on investments on behalf of policyholders	—	841	—	—	—	—	—	841
Fee and commission income	2	—	1	—	—	—	—	35
Other income	3	3	2	8	6	10	−8	203
Share of profit/(loss) of associates and joint ventures	6	0	2	—	2	3	—	4
Total income	**259**	**3,006**	**122**	**8**	**73**	**104**	**−41**	**3,531**
Insurance claims and benefits	−1,751	−3,612	—	—	—	—	166	−5,197
Insurance claims and benefits recovered from reinsurers	92	8	—	—	—	—	—	100
Net insurance claims and benefits	**−1,659**	**−3,604**	**—**	**—**	**—**	**—**	**166**	**−5,097**
Operating expenses	−215	−178	−46	−6	−96	−7	24	−524
Restructuring provision expenses	−14	−12	−1	—	—	−1	—	−28
Commission expenses	−367	−23	—	—	—	—	3	−387
Impairments	−13	−88	—	−1	1	—	—	−101
Interest expense	−1	−199	−24	—	−16	−2	−73	−315
Other expenses	−16	−62	−45	—	−2	−106	43	−188
Total expenses	**−626**	**−562**	**−116**	**−7**	**−113**	**−116**	**−3**	**−1,543**
Profit before tax	**199**	**373**	**6**	**1**	**−40**	**−12**	**7**	**534**
Income tax (expense) / gain	−46	−73	−2	—	13	3	−3	−108
Profit after tax from continuing operations	**153**	**300**	**4**	**1**	**−27**	**−9**	**4**	**426**
Discontinued operations								
Profit (loss) from discontinued operations net of tax	—	—	—	1	—	−6	—	−5
Profit for the year	**153**	**300**	**4**	**2**	**−27**	**−15**	**4**	**421**
Profit attributable to non-controlling interests	—	−1	—	—	—	2	1	2
Profit attributable to holders of equity instruments	**153**	**299**	**4**	**2**	**−27**	**−13**	**5**	**423**

5.5 Group structure and segment information (Continued)

2014 (restated)		Insurance		Non Insurance					
		Non-life	Life	Banking and Asset management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Intangible assets	Impairment	—	−92	—	−1	—	—	—	−93
Property, plant and equipment	Impairment	—	—	—	—	—	—	—	—
	Reversal	—	3	—	—	—	—	—	3
Associates and joint ventures	Impairment	—	—	—	—	—	—	—	—
Investments available for sale	Impairment	−6	−28	—	—	—	—	—	−34
	Reversal	12	29	—	—	—	—	—	41
Loans and receivables	Impairment	−28	−6	—	—	—	—	—	−34
	Reversal	9	6	—	—	1	—	—	16
Total impairments	**Impairment**	**−34**	**−126**	**—**	**−1**	**—**	**—**	**—**	**−161**
	Reversal	**21**	**38**	**—**	**—**	**1**	**—**	**—**	**60**
	Total	**−13**	**−88**	**—**	**−1**	**1**	**—**	**—**	**−101**

2013 (restated)	Insurance		Non Insurance					
	Non-life	Life	Banking and Asset management	Distribution and Services	Holding and Other	Real Estate Development	Eliminations	Total
Continuing operations								
Gross premiums written	2,392	1,666	—	—	—	—	−135	3,923
Change in provision for unearned premiums	1	—	—	—	—	—	—	1
Gross insurance premiums	**2,393**	**1,666**	**—**	**—**	**—**	**—**	**−135**	**3,924**
Reinsurance premiums	—	−13	—	—	—	—	—	—
Net insurance premiums	**2,242**	**1,653**	**—**	**—**	**—**	**—**	**−135**	**3,760**
Investment income	143	1,267	107	—	20	2	−39	1,500
Realized gains and losses	74	294	1	—	4	—	—	373
Fair value gains and losses	−26	328	—	—	2	—	—	304
Result on investments on behalf of policyholders	—	767	—	—	—	—	—	767
Fee and commission income	3	—	1	—	—	—	—	45
Other income	5	9	0	6	2	13	−2	181
Share of profit/(loss) of associates and joint ventures	6	14	1	—	8	3	—	15
Total income	**232**	**2,679**	**119**	**6**	**55**	**135**	**−41**	**3,185**
Insurance claims and benefits	−1,923	−3,372	—	—	—	—	182	−5,113
Insurance claims and benefits recovered from reinsurers	96	14	—	—	—	—	—	110
Net insurance claims and benefits	**−1,827**	**−3,358**	**—**	**—**	**—**	**—**	**182**	**−5,003**
Operating expenses	−240	−199	−41	−5	−48	−8	12	−529
Restructuring provision expenses	−11	−10	−1	—	−2	—	—	−24
Commission expenses	−395	−32	—	—	—	—	—	−427
Impairments	−5	−3	—	—	−31	—	—	−39
Interest expense	−3	−240	−20	—	−20	−2	−72	−357
Other expenses	−12	−41	−55	—	−4	−191	54	−249
Total expenses	**−666**	**−525**	**−117**	**−5**	**−105**	**−201**	**−6**	**−1,625**
Profit before tax	−19	449	2	1	−50	−66	—	317
Income tax (expense) / gain	8	−99	—	—	15	2	—	−74
Profit after tax from continuing operations	**−11**	**350**	**2**	**1**	**−35**	**−64**	**—**	**243**
Discontinued operations								
Profit (loss) from discontinued operations net of tax	—	—	—	1	—	−2	—	−1
Profit for the year	**−11**	**350**	**2**	**2**	**−35**	**−66**	**—**	**242**
Profit attributable to non-controlling interests	—	—	—	—	—	5	—	5
Profit attributable to holders of equity instruments	**−11**	**350**	**2**	**2**	**−35**	**−61**	**—**	**247**

5.5 Group structure and segment information (Continued)

2013 (restated)		Insurance Non-life	Insurance Life	Non Insurance: Banking and Asset management	Non Insurance: Distribution and Services	Non Insurance: Holding and Other	Non Insurance: Real Estate Development	Eliminations	Total
Intangible assets	Impairment	−1	—	—	—	−2	—	—	−3
Property, plant and equipment	Impairment	—	−24	—	—	—	—	—	−24
	Reversal	—	3	—	—	—	—	—	3
Associates and joint ventures	Impairment	—	—	—	—	−5	—	—	−5
Investments available for sale	Impairment	−1	−20	—	—	—	—	—	−21
	Reversal	13	40	—	—	—	—	—	53
Loans and receivables	Impairment	−17	−17	—	—	−24	—	—	−58
	Reversal	1	15	—	—	—	—	—	16
Total impairments	**Impairment**	**−19**	**−61**	**—**	**—**	**−31**	**—**	**—**	**−111**
	Reversal	**14**	**58**	**—**	**—**	**—**	**—**	**—**	**72**
	Total	**−5**	**−3**	**—**	**—**	**−31**	**—**	**—**	**−39**

The comparative figures for 2014 and 2013 have been restated as a result of the change in accounting policies (see chapter 5.2.1) and due to the change in the identified segments and discontinued operations of a part of the Real Estate Development segment and SOS International (Distribution and Services segment).

5.5.4 Technical result

The technical result includes insurance premiums, allocated investment income less insurance costs (claims), distribution costs and operating expenses. Income from investments includes rentals, interest income, dividends and revaluations. Realized gains and losses relate to financial assets classified as available for sale and investment property, as well as gains and losses on financial assets recognized at fair value through profit and loss.

Investment income less investment expenses is allocated to the non-life and life products on the basis of the investment portfolio that covers the insurance contracts for the product in question.

Gains or losses on the sale of investments relate to the realized total revaluation of investment property and financial assets available for sale, to the extent that these cannot be allocated to the different non-life and life products. These gains or losses are recorded in profit or loss.

The non-technical result includes income from investments that have been allocated to equity and the general provisions, as well as a number of specific results not allocated to insurance activities.

5.5 Group structure and segment information (Continued)

5.5.4.1 Technical result Non-life

Technical result, Non-life	2015	2014	2013
Gross premiums written	2,350	2,359	2,392
Change in provision for unearned premiums	16	−4	1
Gross insurance premiums	**2,366**	**2,355**	**2,393**
Reinsurance premiums	−131	130	−151
Net insurance premiums	**2,235**	**2,225**	**2,242**
Net insurance claims and benefits	−1,632	−1,574	−1,604
Change in liabilities arising from insurance contracts	−34	−85	−223
Fee and commission expense	−336	−344	−360
Technical result (underwriting)	**233**	**222**	**55**
Allocated gain (loss) on investments—to technical result	97	110	101
Allocated gains or losses—to technical result	24	42	−4
Allocated other income and expense—to technical result	−11	−26	−3
Operating expenses	−204	−213	−240
Restructuring provision expense	−15	−14	−11
Technical result—before proceeds (loss) from sales of investments	**124**	**121**	**−102**
Proceeds (loss) from sales of investments	12	28	56
Technical result	**136**	**149**	**−46**
Non-technical result	81	50	27
Profit before tax	**217**	**199**	**−19**

The gross premiums written remained stable at € 2,350 million. Growth was realized in premiums of P&C and Health. Premiums in Disability were lower in 2015 due to a one-off single premium in 2014. The operating expenses decreased compared to 2014 due to cost savings. The profit before tax increased to the amount of € 217 million. This is mainly caused by the loss in 2013 due to the effect of occupational disability insurance claims amounting to € 183 million, primarily relating to the product WGA-ER. The increase in 2015 was mainly related to a higher income of investments amounting to € 18 million.

5.5.4.2 Technical result Life

Technical result, Life	2015	2014	2013
Gross premiums written	1,828	1,543	1,666
Change in provision for unearned premiums	—	—	—
Gross insurance premiums	**1,828**	**1,543**	**1,666**
Reinsurance premiums	−212	−10	−13
Net insurance premiums	**1,616**	**1,533**	**1,653**
Net insurance claims and benefits	−2,489	−2,254	−2,911
Change in liabilities arising from insurance contracts	−1,237	−1,350	−447
Fee and commission expense	−18	−23	−32
Technical result (underwriting)	**−2,128**	**−2,094**	**−1,737**
Allocated gain (loss) on investments—to technical result	1,372	1,717	1,662
Allocated gains or losses—to technical result	1,259	813	605
Allocated other income and expense—to technical result	−13	−89	−2
Operating expenses	−192	−164	−199
Restructuring provision expense	−11	−12	−10
Technical result—before proceeds (loss) from sales of investments	**287**	**171**	**319**
Proceeds (loss) from sales of investments	23	23	28
Technical result	**310**	**194**	**348**
Non-technical result	399	179	101
Profit before tax	**709**	**373**	**449**

The gross written premiums increased 18% to € 1,828 million in 2015, mainly resulting from the increase of single life premiums in the pension portfolio. In December 2015 a.s.r. entered into a strategic partnership

for the reinsurance of part of a.s.r.'s pension portfolio. The reinsured sum involved is € 201 million. The overall impact on the net insurance premiums remains limited with 5%.

The non-technical result increased mainly as a result of the change in risk appetite, i.e. the de-risking on equity and the (re) valuation on property.Profit before tax increased to € 709 million (90%) as a result of improved results on investments (€ 165 million) and some non-recurring items. The decrease in profit before tax in 2014 compared to 2013 resulted from several non-recurring charges, including the impairment on VOBA (€ 93 million).

After the decrease in operating expenses in 2014 compared to 2013, operating expenses increased in 2015 due to the acquisitions and one-off pension related transition- and outsourcing costs.

5.5.5 Technical result Non-life insurance per business line

	Gross premiums written	Net earned premiums	Net insurance claims and benefits[1]	Fee and commission expense	Operating expenses[2]	Technical result
2015						
Disability	729	685	−557	−78	−64	80
Health	616	602	−535	−5	−34	30
Property and Casualty	1,005	948	−574	−253	−121	26
Total	**2,350**	**2,235**	**−1,666**	**−336**	**−219**	**136**
2014						
Disability	777	710	−605	−87	−64	65
Health	591	571	−523	−8	−37	12
Property and Casualty	991	944	−531	−249	−126	72
Total	**2,359**	**2,225**	**−1,659**	**−344**	**−227**	**149**
2013						
Disability	770	674	−709	−85	−83	−104
Health	579	576	−524	−11	−33	13
Property and Casualty	1,043	992	−594	−264	−135	45
Total	**2,392**	**2,242**	**−1,827**	**−360**	**−251**	**−46**

(1) Including change in liabilities arising from insurance obligations.

(2) Including restructuring provision expenses.

5.5.6 Non-life ratios

The Non-life segment combined ratio can be broken down as follows:

	2015	2014	2013
Claims ratio	71.1%	70.0%	78.3%
Commission ratio	15.0%	15.5%	16.1%
Expense ratio	8.9%	9.3%	10.5%
Combined ratio	**95.0%**	**94.8%**	**104.8%**
Disability	89.6%	91.3%	118.7%
Health	95.5%	98.9%	98.8%
Property and Casualty	98.5%	95.0%	98.9%

In 2015, the combined ratio remained stable at 95.0% (2014: 94.9%; 2013: 104.8%).

5.5 Group structure and segment information (Continued)

The claims, commission and expense ratios can be calculated based on the following information:

	2015	2014	2013
Net insurance premiums Non-life	2,235	2,225	2,242
Net insurance claims and benefits	−1,666	−1,659	−1,827
Adjustments:			
—Compensation capital gains (Disability)	18	39	16
—Interest accrual on privisions (Disability)	62	62	58
—Prudence margin (Health)	−3	—	−2
Total corrections	**77**	**101**	**72**
Net insurance claims and benefits (after adjustments)	**−1,589**	**−1,558**	**−1,755**
Fee and commission income	26	23	35
Commission expense	−361	−367	−395
Commission	**−335**	**−344**	**−360**
Operational expenses	−207	−215	−240
Correction made for investment charges	8	7	5
Operational expenses (after adjustments)	**−199**	**−208**	**−235**

5.6 Fair value of assets and liabilities

5.6.1 Recurring fair value measurement of financial assets and liabilities

The breakdown of financial assets and liabilities measured at fair value (recurring basis) in accordance with the level of fair value hierarchy, is as follows:

31 December 2015	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Investments available for sale				
Government bonds	11,962	—	—	11,962
Corporate bonds	8,867	581	—	9,448
Debt certificates covered by mortgage	260	—	—	260
Debt certificates covered by other assets	110	—	—	110
Equities	2,679	326	42	3,047
Other participating interests	1	—	—	1
Other investments	102	—	—	102
	23,981	**907**	**42**	**24,930**
Investments at fair value through profit and loss				
Unlisted equities	—	—	59	59
Listed equities	74	—	—	74
	74	**—**	**59**	**133**
Derivatives				
Interest rate contracts	—	2,165	—	2,165
Equity index contracts	31	—	—	31
Total assets	**31**	**2,165**	**—**	**2,196**
Exchange rate contracts	—	−2	—	−2
Interest rate contracts	—	−369	—	−369
Inflation linked swaps	—	−6	—	−6
Total liabilities	**—**	**−377**	**—**	**−377**
	31	**1,788**	**—**	**1,819**
Cash and cash equivalents	**2,628**	**—**	**—**	**2,628**
Investments on behalf of policyholders				
Government bonds	1,215	—	—	1,215
Corporate bonds	1,390	—	—	1,390
Listed equities	3,469	—	—	3,469
Listed equity funds	1,476	—	—	1,476
Investment property	—	—	205	205
Other investments	—	169	—	169
	7,550	**169**	**205**	**7,924**
Total	**34,264**	**2,864**	**306**	**37,434**

5.6 Fair value of assets and liabilities (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	Fair value not based on observable market data Level 3	Total fair value
Investments available for sale				
Government bonds	11,643	—	—	11,643
Corporate bonds	7,788	615	—	8,403
Debt certificates covered by mortgage	375	—	—	375
Debt certificates covered by other assets	156	—	—	156
Equities	1,987	139	35	2,161
Other participating interests	—	—	—	—
Other investments	111	—	—	111
	22,060	**754**	**35**	**22,849**
Investments at fair value through profit and loss				
Unlisted equities	—	—	61	61
Listed equities	53	—	—	53
	53	**—**	**61**	**114**
Derivatives				
Interest rate contracts	—	3,418	—	3,418
Equity index contracts	17	—	—	17
Total assets	**17**	**3,418**	**—**	**3,435**
Exchange rate contracts	—	−1	—	−1
Interest rate contracts	—	−386	—	−386
Inflation linked swaps	—	—	—	—
Total liabilities	**—**	**−387**	**—**	**−387**
	17	**3,031**	**—**	**3,048**
Cash and cash equivalents	**3,135**	**—**	**—**	**3,135**
Investments on behalf of policyholders				
Government bonds	1,373	—	—	1,373
Corporate bonds	1,449	—	—	1,449
Listed equities	2,827	—	—	2,827
Listed equity funds	1,896	—	—	1,896
Investment property	—	—	240	240
Other investments	—	172	—	172
	7,545	**172**	**240**	**7,957**
Total	**32,810**	**3,957**	**336**	**37,103**

5.6 Fair value of assets and liabilities (Continued)

31 December 2013	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Investments available for sale				
Government bonds	8,528	—	—	8,528
Corporate bonds	7,552	495	—	8,047
Debt certificates covered by mortgage	367	—	—	367
Debt certificates covered by other assets	236	—	—	236
Equities	2,145	78	47	2,270
Other investments	46	76	1	123
	18,874	**649**	**48**	**19,571**
Investments at fair value through profit and loss				
Unlisted equities	—	—	64	64
Listed equities	53	—	—	53
	53	**—**	**64**	**117**
Derivatives				
Exchange rate contracts	—	6	—	6
Interest rate contracts	—	1,039	—	1,039
Equity index contracts	9	—	—	9
Total assets	**9**	**1,045**	**—**	**1,054**
Exchange rate contracts	—	—	—	—
Interest rate contracts	—	−532	—	−532
Credit derivatives	—	−1	—	−1
Derivatives in a hedging relationship	—	−2	—	−2
Total liabilities	**—**	**−535**	**—**	**−535**
	9	**510**	**—**	**519**
Cash and cash equivalents	**1,521**	**—**	**—**	**1,521**
Investments on behalf of policyholders				
Government bonds	936	—	—	936
Corporate bonds	770	451	—	1,221
Listed equities	3,372	—	—	3,372
Listed equity funds	1,658	—	—	1,658
Investment property	—	—	216	216
Other investments	—	302	—	302
	6,736	**753**	**216**	**7,705**
Total	**27,193**	**1,912**	**328**	**29,433**

Cash and cash equivalents are classified as level 1 when not subject to restrictions.

5.6 Fair value of assets and liabilities (Continued)

The following table shows the movement in financial assets and liabilities measured at fair value (recurring basis) including investment on behalf of policyholders and investment property that are categorized within level 3.

Fair value of financial assets classified as fair value through profit and loss	2015	2014	2013
At 1 January	301	280	340
Changes in value of investments, realized/unrealized gains and losses:			
—Fair value gains and losses (see chapter 5.24.3)	−2	1	−16
Purchases	23	35	10
Sales	−31	−48	−51
Transfer between investments on behalf of policyholders and investment property	−27	31	−3
Other	—	2	—
At 31 December	**264**	**301**	**280**
Total revaluations of investments, held at year-end, recognized in the income statement	14	13	6

Fair value of financial assets classified as available for sale	2015	2014	2013
At 1 January	35	48	55
Changes in value of investments, realized/unrealized gains and losses:			
—Realized gains and losses (see chapter 5.24.2)	14	5	5
—Recognized in Other comprehensive income (unrealized gains and losses)	−7	4	−7
Purchases	61	6	42
Sales	−53	−7	−55
Impairments	—	−21	—
Reclassification of investments from/to Level 3 valuation technique	−8	—	8
At 31 December	**42**	**35**	**48**

The main non-observable market input for the private equity investments is the net asset value as published by the investee. An increase or decrease in the net asset value of equities classified as level 3 will have a direct proportional impact on the fair value of the investment.

The sensitivities of the investment property held on behalf of the policyholders have been included in the sensitivities related to investment property included in chapter 5.6.3.

5.6 Fair value of assets and liabilities (Continued)

5.6.2 Non-recurring fair value measurement of financial assets and liabilities

The breakdown of the fair values of financial assets and liabilities not measured at fair value (non-recurring basis) in accordance with the level of fair value hierarchy, as explained in accounting policy C, is as follows:

	Fair value based on quoted prices in an active market	Fair value based on observable market data	Fair value not based on observable market data		
	Level 1	Level 2	Level 3	Total fair value	Total carrying value
31 December 2015					
Financial assets					
Due from customers	—	7,576	—	7,576	6,824
Due from banks	—	4,723	—	4,723	3,056
Trade and other receivables	—	606	—	606	606
Total financial assets	**—**	**12,905**	**—**	**12,905**	**10,486**
Financial liabilities					
Subordinated liabilities	502	—	—	502	497
Borrowing	—	55	—	55	55
Due to customers	1,170	590	—	1,760	1,760
Due to banks	1,804	—	—	1,804	1,804
Other liabilities	35	931	—	966	966
Total financial liabilities	**3,511**	**1,576**	**—**	**5,087**	**5,082**
31 December 2014					
Financial assets					
Due from customers	—	6,527	—	6,527	5,851
Due from banks	—	5,019	—	5,019	3,029
Trade and other receivables	—	727	—	727	727
Total financial assets	**—**	**12,273**	**—**	**12,273**	**9,607**
Financial liabilities					
Borrowing	—	117	—	117	117
Due to customers	1,028	921	—	1,949	1,949
Due to banks	3,277	—	—	3,277	3,277
Other liabilities	26	1,023	—	1,049	1,049
Total financial liabilities	**4,331**	**2,061**	**—**	**6,392**	**6,392**
31 December 2013					
Financial assets					
Due from customers	—	5,577	—	5,577	5,133
Due from banks	—	3,994	—	3,994	2,875
Trade and other receivables	—	786	—	786	786
Total financial assets	**—**	**10,357**	**—**	**10,357**	**8,794**
Financial liabilities					
Borrowing	—	98	—	98	98
Due to customers	889	477	—	1,366	1,366
Due to banks	677	—	—	677	677
Other liabilities	19	1,353	—	1,372	1,372
Total financial liabilities	**1,585**	**1,928**	**—**	**3,513**	**3,513**

Amounts due to customers and due to banks presented as level 1 primarily comprise savings and cash collateral received.

5.6 Fair value of assets and liabilities (Continued)

The accrued interest included in other liabilities follows the classification of the underlying assets.

5.6.3 Property (including land and buildings for own use)

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

	Fair value based on quoted prices in an active market	Fair value based on observable market data	Not measured on the basis of observable market data	Total fair value
	Level 1	Level 2	Level 3	
31 December 2015				
Investment property—Fair value model				
Retail	—	—	605	605
Residential	—	—	677	677
Rural	—	—	1,154	1,154
Offices	—	—	176	176
Development investment property	—	—	14	14
Other	—	—	41	41
	—	**—**	**2,667**	**2,667**
Investments on behalf of policyholders:				
Investment property (chapter 5.11.2)	**—**	**—**	**205**	**205**
Land and buildings for own use	—	—	155	155
Total	**—**	**—**	**3,027**	**3,027**
31 December 2014				
Investment property—Fair value model				
Retail	—	—	763	763
Residential	—	—	781	781
Rural	—	—	1,028	1,028
Offices	—	—	170	170
Development investment property	—	—	37	37
Other	—	—	54	54
	—	**—**	**2,833**	**2,833**
Investments on behalf of policyholders:				
Investment property (chapter 5.11.2)	**—**	**—**	**240**	**240**
Land and buildings for own use	—	—	133	133
Total	**—**	**—**	**3,206**	**3,206**
31 December 2013				
Investment property—Fair value model				
Retail	—	—	725	725
Residential	—	—	721	721
Rural	—	—	970	970
Offices	—	—	179	179
Development investment property	—	—	103	103
Other	—	—	61	61
	—	**—**	**2,759**	**2,759**
Investments on behalf of policyholders:				
Investment property (chapter 5.11.2)	**—**	**—**	**216**	**216**
Land and buildings for own use	—	—	91	91
Total	**—**	**—**	**3,066**	**3,066**

5.6 Fair value of assets and liabilities (Continued)

The property portfolio is classified as a level 3 'not measured on the basis of market observable market data'. Non-observable market inputs are used in the valuation methods, in addition to the observable market inputs. The fair value measurement is based on valuations by independent professional appraisers.

These valuations have been performed for the entire portfolio of investment property and buildings for own use.

Independent professional appraisers use reference transactions of comparable properties, in combination with the DCF and income capitalization method, to determine the fair value of the property. The reference transactions of comparable objects are generally based on observable data consisting of the land register 'Kadaster' and the rural land price monitor as published by the Dutch Government 'Grondprijsmonitor' in an active property market.

The property has a relatively fixed return with low vacancy levels as indicated in chapter 5.9.1. The property portfolio is well diversified and consists of residential, retail, offices and rural property, throughout the Netherlands. The retail portfolio focusses on high street locations with relative low vacancy levels. Investment property on behalf of policyholders primarily consist of retail property.

The movements in investment property measured at fair value (recurring basis) that are categorized within level 3 are presented in chapter 5.9 Investment property, 5.8 Property, plant and equipment and 5.6.1 Recurring fair value measurement of financial assets and liabilities.

Significant inputs to the Level 3 values are the net initial yield and market rental value. These inputs are verified with the following market observable data:

- Market rent per sq.m. for renewals and their respective re-letting rates;
- Reviewed rent per sq.m.;
- Investment transaction of comparable objects.

5.6 Fair value of assets and liabilities (Continued)

The table below discloses the sensitivities to non-observable market inputs for the property portfolio (excluding development investment property).

31 December 2015 Unobservable and observable inputs used in determination of fair value	Fair value	Valuation technique	Gross theoretical rental value (€)		Gross yield (%)	Change in theoretical rental value	−5%	0%	5%
						Change in yield			
Investment property—Fair value model									
Retail	605	Income capitalization	87,280,237	mean	5.4%	−5%	0	84	169
			1,895,151	max	21.5%	0%	−80	—	80
			3,246	min	3.4%	5%	−153	−76	−0
Residential	677	DCF	43,045,384	mean	6.4%	−5%	—	36	71
			1,633,289	max	9.7%	0%	−34	—	34
			1,147	min	2.1%	5%	−64	−32	—
Rural	1,154	DCF	26,943,720	mean	2.3%	−5%	—	61	121
			1,101,872	max	29.8%	0%	−58	—	58
			100	min	1.0%	5%	−110	−55	—
Offices	176	DCF	22,477,252	mean	12.8%	−5%	−0	9	19
			7,839,593	max	23.6%	0%	−9	—	9
			4,651	min	7.7%	5%	−17	−8	—
Other	41	DCF	4,291,890	mean	10.5%	−5%	—	2	4
			2,505,426	max	13.6%	0%	−2	—	2
			7,753	min	4.6%	5%	−4	−2	—
Investments on behalf of policyholders: investment property	205	DCF	18,784,241	mean	9.2%	−5%	−0	11	21
			2,234,638	max	23.6%	0%	−10	—	10
			12,959	min	4.0%	5%	−19	−10	—
Land and buildings for own use	155	DCF	13,217,401	mean	8.7%	−5%	—	8	16
			8,714,765	max	15.9%	0%	−8	—	8
			1,772,216	min	15.9%	5%	−14	−7	—
Total	**3,013**								

5.6 Fair value of assets and liabilities (Continued)

31 December 2014 Unobservable and observable inputs used in determination of fair value	Fair value	Valuation technique	Gross theoretical rental value (€)		Gross yield (%)	Change in theoretical rental value Change in yield	−5%	0%	5%
Investment property—Fair value model									
Retail	762	Income capitalization	72,831,926	mean	5.7%	−5%	—	72	142
			6,492,910	max	15.0%	0%	−68	—	68
			4,019	min	2.8%	5%	−129	−64	—
Residential	781	DCF	45,603,351	mean	5.8%	−5%	—	41	82
			1,594,356	max	6.5%	0%	−39	—	39
			7,716	min	5.9%	5%	−74	−37	—
Rural	1,029	DCF	25,452,204	mean	2.5%	−5%	—	54	108
			1,406,249	max	16.4%	0%	−51	—	51
			44	min	1.7%	5%	−98	−49	—
Offices	170	DCF	23,317,861	mean	13.8%	−5%	—	9	18
			7,566,883	max	12.3%	0%	−9	—	9
			57,117	min	11.3%	5%	−17	−8	—
Other	54	DCF	4,423,309	mean	8.2%	−5%	—	3	6
			2,483,482	max	9.5%	0%	−3	—	3
			7,669	min	13.9%	5%	−5	−3	—
Investments on behalf of policyholders: investment property	240	DCF	20,957,570	mean	8.7%	−5%	—	13	25
			2,234,638	max	9.0%	0%	−12	—	12
			12,959	min	5.5%	5%	−23	−11	—
Land and buildings for own use	133	DCF	13,089,473	mean	9.8%	−5%	—	7	14
			8,639,496	max	8.6%	0%	−7	—	7
			1,756,297	min	16.6%	5%	−13	−6	—
Total	**3,169**								

5.7 Intangible assets

Intangible assets can be broken down as follows:

	31 December 2015	31 December 2014	31 December 2013
Goodwill	150	3	3
Value Of Business Acquired (VOBA)	118	132	244
Other intangible assets	4	4	6
Total intangible assets	**272**	**139**	**253**

5.7 Intangible assets (Continued)

	Goodwill	VOBA	Other intangible assets	Total 2015	Total 2014	Total 2013
Cost price	150	432	48	630	623	623
Accumulated amortization and impairments	—	−314	−44	−358	−484	−370
At 31 December	**150**	**118**	**4**	**272**	**139**	**253**
At 1 January	3	132	4	139	253	269
Amortization	—	−14	−1	−15	−20	−21
Impairments	−1	—	—	−1	−93	−3
Other changes	—	—	—	—	−1	—
Changes in the composition of the group	148	—	1	149	—	8
At 31 December	**150**	**118**	**4**	**272**	**139**	**253**

Goodwill

For the purpose of impairment testing, goodwill is allocated to the cash-generating units (CGU) of the relevant operating segment. As a result of acquisitions during 2015, disclosed as changes in the composition of the group (please see chapter 5.35) the amount of goodwill increased by € 148 million (2014: nil; 2013: nil).

Furthermore the goodwill, previously recognized amounting to € 1 million, relating to B.V. Nederlandse Hulpverleningsorganisatie—SOS International, has been fully impaired as a result of the pending sale and the classification as held for sale and discontinued operations.

Goodwill allocation per segment:

	31 December 2015	31 December 2014	31 December 2013
Life	30	2	2
Distribution and Services	120	1	1
Total goodwill	**150**	**3**	**3**

The results of the annual goodwill impairment test are as follows:

Segment Life

The goodwill impairment test was conducted at the segment Life level as CGU. The result of the goodwill impairment test, using the multiples methodology, shows an excess recoverable value over the book value. No goodwill impairment was recognized.

Segment Distribution and Services

The goodwill test was performed on step 1, using multiples, as well as step 2, to validate the outcomes of the first step.

Assumptions used in the step 2 internal model are:

- A steady state growth rate used to extrapolate cash flow projections beyond the budget periods (1%) which reflects the market segment in which the CGU's operate;
- Premiums written and operating costs based on expected future market developments and past experience and on the long term characteristics of the markets in which the CGU's operate;
- The (pre-tax) discount rate used in the estimate of value in use is 13%.

The first step as described above indicates that there is an excess of recoverable amount over book value for all CGU's to which goodwill has been allocated (buffer). The outcome of the second step confirmed the result in the first step.

A deterioration within reasonable limits on one of the above mentioned assumptions in isolation would not lead to an impairment. The buffer is also capable of absorbing a combination of negative factors. However,

5.7 Intangible assets (Continued)

should circumstances on multiple factors deteriorate significantly, it could lead to a negative outcome for the buffer (the difference between the recoverable value and the book value).

Management believes that any reasonable possible change in the key assumptions on which the other cash-generating units recoverable amounts are based would not cause the carrying amounts to exceed their recoverable amounts.

Value of Business Acquired (VOBA)

VOBA mainly relates to the acquisition of Amersfoortse Stad Rotterdam. At year-end 2015, the remaining amortization period of VOBA is 15 years and the average amortization for the next 5 years will be € 11 million per year. In 2014, an impairment has been recognized of € 93 million relating to the Amersfoortse Stad Rotterdam unit linked portfolio given the structural market developments in the life portfolios containing unit-linked policies.

5.8 Property, plant and equipment

Property, plant and equipment can be broken down as follows:

	31 December 2015	31 December 2014	31 December 2013
Land and buildings for own use	155	131	85
Equipment	11	9	12
Total property, plant and equipment	**166**	**140**	**97**

	Land and buildings for own use	Equipment	2015 Total	2014 Total	2013 Total
At 1 January	131	9	140	97	75
Reversal of impairments	14	—	14	—	—
Impact change in accounting policy	−9	—	−9	—	—
Additions	35	2	37	57	50
Transfers to Investment property	−10	—	−10	−8	—
Depreciation	−5	−5	−10	−9	−9
Revaluations through profit or loss	−6	—	−6	—	—
Revaluations through equity	5	—	5	—	—
Impairments	—	—	—	3	−21
Other changes	−2	2	—	—	2
Changes in the composition of the group	2	3	5	—	—
At 31 December	**155**	**11**	**166**	**140**	**97**
Gross carrying amount as at 31 December	254	196	450	424	385
Accumulated depreciation as at 31 December	−81	−166	−247	−241	−240
Accumulated impairments as at 31 December	−18	−19	−37	−43	−48
Net carrying value as at 31 December	**155**	**11**	**166**	**140**	**97**
Revaluation surplus					
At 1 January	—	—	—	—	—
Revaluation in the year	5	—	5	—	—
At 31 December	**5**	**—**	**5**	**—**	**—**

5.8 Property, plant and equipment (Continued)

In 2015 the renovation of the Archimedeslaan 10 has progressed with an amount of € 35 million (2014: € 52 million) being invested in the buildings for own use. Depreciation of property, plant and equipment is recorded in the operating expenses (see chapter 5.28). The reversal of impairments at the beginning of 2015 amounting to € 14 million and the impact of the voluntary change in accounting policy of buildings for own use (€ −9 million) is presented in profit and loss as impairment (€ 5 million). Please refer to chapter 5.2 for more information on the change in accounting policy. The changes in the composition of the group relate to the acquisitions during 2015. The fair value of land and buildings for own use based on external valuations is disclosed in chapter 5.6.3.

5.9 Investment property

The following table shows the movement in investment property measured at fair value:

	2015	2014	2013
At 1 January	2,833	2,759	3,000
Changes in value of investments, realized / unrealized gains and losses:			
—Fair value gains and losses	58	25	−75
—Other	—	−45	−84
Purchases	192	205	107
Issues	—	—	—
Disposals	−453	−86	−191
Transferred between investments on behalf of policyholders and investment property	27	−31	3
Transferred from property, plant and equipment	10	8	—
Transferred from other assets	—	−2	−1
At 31 December	**2,667**	**2,833**	**2,759**

The significant inputs are the net initial yield and market rental value. These inputs are verified with the following market observable data:

- Market rent per sq.m. for renewals and their respective re- letting rates;
- Reviewed rent per sq.m.;
- Investment transaction of comparable objects.

Investment property is leased to third parties and is diversified over the rural, residential, offices and retail sectors in the Netherlands.

In 2015, a further tranche in ASR Dutch Prime Retail Fund (DPRF) was transferred by a.s.r. to institutional investors thereby further reducing a.s.r.'s property exposure to 41% (2014: 56%; 2013: 58%). In 2015, the first four tranches in ASR Dutch Core Residential Fund (DCRF) were transferred by a.s.r. to institutional investors thereby further reducing a.s.r.'s property exposure from 100% to 80%.

Investment property amounting to € 1,240 million (2014: € 1,483 million; 2013: € 1,461 million) is held by the ASR Dutch Prime Retail Fund and ASR Dutch Core Residential Fund which are governed under fund agreements.

Proceeds from the sale of investment properties and rental incomes are recognized as investment income. For details, see chapter 5.24. In 2015, rentals amounted to € 124 million (2014: € 133 million; 2013: € 138 million).

Direct operating expenses arising from investment property amounted to € 28 million (2014: € 24 million; 2013: € 25 million). The increase is the result of higher operating and appraisal costs. Given the low vacancy level, virtually all direct operating expenses relate to investment properties generating rental income. Direct operating expenses of investment property are classified as operating expenses.

5.9 Investment property (Continued)

5.9.1 Vacant Investment properties

The percentages of vacant investment properties are as follows:

	2015	2014	2013
Retail	4.6%	5.2%	3.3%
Residential	2.7%	4.3%	5.5%
Offices	22.2%	22.6%	13.5%
Other	0.0%	0.3%	0.2%

5.10 Associates and joint ventures

	Interest	31 December 2015	31 December 2014	31 December 2013
Real estate development joint ventures	ranging between 11% and 50%	1	27	27
Associates and joint ventures	ranging between 10% and 55%	19	15	15
Total		**20**	**42**	**42**

	Real Estate Development joint ventures	Associates and joint ventures	Total
At 1 January 2015	27	15	42
Acquisition	1	6	7
Disposal	2	—	2
Share of profit/(loss)	3	—	3
Impairments	−18	−3	−21
Other changes	−6	1	−5
Changes in the composition of the group	−8	—	−8
Carrying amount at 31 December 2015	**1**	**19**	**20**

Some participating interests in which a.s.r. has an interest of less than 20% qualify as associates, because a.s.r. has significant influence as a result of contractual agreements.

Where the associate's and the joint venture's accounting policies are different from a.s.r.'s, carrying amounts have been changed to ensure that they are consistent with the policies used by a.s.r.

The information disclosed in the tables below is based on the most recent financial information available from the associates and joint ventures. These are primarily based on the investee's financial statements and their accounting policies.

	31 December 2015			31 December 2014			31 December 2013		
	Real Estate Development joint ventures	Associates and joint ventures	Total	Real Estate Development joint ventures	Associates and joint ventures	Total	Real Estate Development joint ventures	Associates and joint ventures	Total
Total assets	4	312	316	303	240	543	386	194	580
Total liabilities	2	272	274	198	214	412	279	180	459
Total income	—	253	253	−12	194	182	23	156	179
Profit and loss from continuing operations	−1	30	29	−18	4	−14	−5	1	−4
Total comprehensive income	−1	30	29	−17	4	−13	1	1	2

The real estate development joint ventures consist of numerous contractual agreement with other developers and property owners, whereby the parties agree to develop real estate projects. Various guarantees for the real estate development projects have been issued by a.s.r. (see chapter 5.37).

5.10 Associates and joint ventures (Continued)

In 2015, loans to associates and joint ventures amounted to € 10 million (2014: € 5 million; 2013: € 14 million). These loans are classified as Related party transactions (see chapter 5.33).

5.11 Financial assets and derivatives

Financial assets and derivatives can be broken down as follows:

	31 December 2015	31 December 2014	31 December 2013
Investments			
Available for sale (chapter 5.11.1)	24,930	22,849	19,571
Investments at fair value through profit and loss (chapter 5.11.2)	133	114	117
	25,063	**22,963**	**19,688**
Loans and receivables (chapter 5.11.3)	10,486	9,607	8,794
Derivatives assets (chapter 5.11.4)	2,196	3,435	1,054
Derivatives liabilities (chapter 5.11.4)	−377	−387	−535
Cash and cash equivalents (chapter 5.11.5)	2,628	3,135	1,521
	14,933	**15,790**	**10,834**
Investments on behalf of policyholders			
At fair value through profit and loss (chapter 5.11.2)	7,924	7,957	7,705
Total	**47,920**	**46,710**	**38,227**

Available for sale assets increased in 2015 by € 2,081 million which can be attributed primarily to the acquisitions of Axent and De Eendragt. The net derivative balances have decreased in 2015 by € 1,229 million as a result of € 1,239 million decrease in the derivatives with a positive value and an increase of € 10 million of derivatives with a negative value. This decrease can be attributed primarily to the increase of the long term yields and restructuring of the interest rate derivatives portfolio as a result of risk mitigating measures.

5.11 Financial assets and derivatives (Continued)

The table below gives a detailed overview of the types of financial assets and derivatives held:

	Investments	Investments on behalf of policyholders	Total financial assets
31 December 2015			
Equities	3,180	4,945	8,125
Fixed-interest securities	21,781	2,604	24,385
Loans and receivables	10,486	—	10,486
Derivatives assets	2,196	—	2,196
Derivatives liabilities	−377	—	−377
Cash and cash equivalents	2,628	96	2,724
Investment property	—	205	205
Other	102	74	176
Total	**39,996**	**7,924**	**47,920**
31 December 2014			
Equities	2,276	4,723	6,999
Fixed-interest securities	20,576	2,822	23,398
Loans and receivables	9,607	—	9,607
Derivatives assets	3,435	—	3,435
Derivatives liabilities	−387	—	−387
Cash and cash equivalents	3,135	43	3,178
Investment property	—	240	240
Other	111	129	240
Total	**38,753**	**7,957**	**46,710**
31 December 2013			
Equities	2,387	5,030	7,417
Fixed-interest securities	17,178	2,157	19,335
Loans and receivables	8,794	—	8,794
Derivatives assets	1,054	—	1,054
Derivatives liabilities	−535	—	−535
Cash and cash equivalents	1,521	84	1,605
Investment property	—	216	216
Other	123	218	341
Total	**30,522**	**7,705**	**38,227**

5.11.1 Investments available for sale

Investments available for sale can be broken down as follows:

	31 December 2015	31 December 2014	31 December 2013
Government bonds	11,962	11,643	8,528
Corporate bonds	9,448	8,403	8,047
Mortgage-backed securities	260	375	367
Other asset-backed securities	110	156	236
Equities	3,047	2,161	2,270
Other participating interests	1	—	—
Other investments	102	111	123
Total investments available for sale	**24,930**	**22,849**	**19,571**

5.11 Financial assets and derivatives (Continued)

Changes in investment available for sale	2015	2014	2013
At 1 January	22,849	19,571	20,431
Purchases	8,931	6,498	4,779
Repayments	−1,395	−825	−715
Disposal	−8,542	−4,548	−4,718
Realized gains through profit and loss	714	452	379
Revaluation recognized in equity	−877	1,643	−502
(Reversals of) Impairments	14	7	32
Amortization	−79	−55	−47
Exchange rate differences	24	29	−67
Other changes	−3	77	−1
Changes in the composition of the group	3,294	—	—
Carrying amount at 31 December	**24,930**	**22,849**	**19,571**

The equities consists primarily of listed equities and investment funds.

Impairment of investments available for sale

The following table is a breakdown of impairments of investments available for sale:

	2015	2014	2013
At 1 January	−632	−684	−778
Increase in impairments through profit and loss	−13	−34	−21
Release of impairments through profit and loss	27	41	53
Reversal of impairments due to disposal	63	41	87
Translation differences and other adjustments	—	4	−25
At 31 December	**−555**	**−632**	**−684**

The increase in translation differences and other adjustments relates mainly to exchange-rate differences on investments available for sale. Impairments recognized on government bonds are based on the existing impairment policy.

5.11 Financial assets and derivatives (Continued)

5.11.2 Investments at fair value through profit and loss

Investments at fair value through profit and loss can be broken down as follows:

	Investments	Investments on behalf of Policyholders	Total
31 December 2015			
Government bonds	—	1,215	1,215
Corporate bonds	—	1,390	1,390
Unlisted equities	59	—	59
Listed equities	74	3,469	3,543
Listed equity funds	—	1,476	1,476
Investment property	—	205	205
Other investments	—	169	169
Total investments at fair value through profit and loss	**133**	**7,924**	**8,057**
Changes in investments at fair value through profit and loss:			
2015			
At 1 January	114	7,957	8,071
Purchases	26	808	834
Disposal	−37	−1,365	−1,402
Revaluation through profit and loss	12	505	517
Transfer between investments on behalf of policyholders and investment property	18	−45	−27
Exchange rate differences	—	12	12
Other changes	—	−22	−22
Changes in composition of the group	—	74	74
Carrying amount at 31 December	**133**	**7,924**	**8,057**

	Investments	Investments on behalf of Policyholders	Total
31 December 2014			
Government bonds	—	1,373	1,373
Corporate bonds	—	1,449	1,449
Unlisted equities	61	—	61
Listed equities	53	2,827	2,880
Listed equity funds	—	1,896	1,896
Investment property	—	240	240
Other investments	—	172	172
Total investments at fair value through profit and loss	**114**	**7,957**	**8,071**
Changes in investments at fair value through profit and loss:			
2014			
At 1 January	117	7,705	7,822
Purchases	51	2,578	2,629
Disposal	−52	−2,990	−3,042
Revaluation through profit and loss	14	769	783
Transfer between investments on behalf of policyholders and investment property	−17	48	31
Exchange rate differences	—	13	13
Other changes	1	−166	−165
Carrying amount at 31 December	**114**	**7,957**	**8,071**

5.11 Financial assets and derivatives (Continued)

	Investments	Investments on behalf of Policyholders	Total
31 December 2013			
Government bonds	—	936	936
Corporate bonds	—	1,221	1,221
Unlisted equities	64	—	64
Listed equities	53	3,372	3,425
Listed equity funds	—	1,658	1,658
Investment property	—	216	216
Other investments	—	302	302
Total investments at fair value through profit and loss	**117**	**7,705**	**7,822**
Changes in investments at fair value through profit and loss:			
2013			
At 1 January	137	7,913	8,050
Purchases	20	662	682
Disposal	−44	−1,493	−1,537
Revaluation through profit and loss	3	704	707
Transfer between investments on behalf of policyholders and investment property	—	−3	−3
Exchange rate differences	—	−9	−9
Other changes	1	−69	−68
Carrying amount at 31 December	**117**	**7,705**	**7,822**

A further breakdown of the investments at fair value through profit and loss and investments on behalf of policyholders is included in the fair value hierarchy tables (see chapters 5.6.1).

All investments at fair value through profit and loss are designated as such by a.s.r. upon initial recognition.

Equities and bonds are lent in exchange for a fee, with collateral obtained as security. At the end of 2015, the value of the securities lent was € 6,228 million (2014: € 7,937 million; 2013: € 7,052 million) with the collateral furnished as security representing a value of € 8,191 million (2014: € 9,805 million; 2013: € 8,840 million) consisting of mortgage loans and corporate and government bonds.

5.11 Financial assets and derivatives (Continued)

5.11.3 Loans and receivables

Loans and receivables measured at amortized cost can be broken down as follows:

	31 December 2015	31 December 2014	31 December 2013
Government and public sector	205	214	223
Mortgage loans	6,537	5,552	4,796
Consumer loans	5	7	7
Other loans	122	130	169
Total due from customers	**6,869**	**5,903**	**5,195**
Impairments			
—Specific credit risks	−45	−52	−62
—IBNR	—	—	—
Due from customers	**6,824**	**5,851**	**5,133**
Interest-bearing deposits	—	62	76
Loans and advances	3,112	3,023	2,853
Other	—	—	7
Total due from credit institutions	**3,112**	**3,085**	**2,936**
Impairments			
—Specific credit risks	−56	−56	−61
—IBNR	—	—	—
Due from banks	**3,056**	**3,029**	**2,875**
Due from policyholders	194	293	286
Due from intermediaries	96	160	174
Reinsurance receivables	77	76	84
Due from Health Insurance Fund	97	60	24
Other receivables	184	190	253
Total trade and other receivables	**648**	**779**	**821**
Impairments			
—Specific credit risks	−40	−50	−35
—IBNR	−2	−2	—
Trade and other receivables	**606**	**727**	**786**
Total loans and receivables	**10,486**	**9,607**	**8,794**

The increase in the mortgage loans is primarily due to the increased sales of the 'WelThuis Hypotheek' in 2015.

The savings-linked mortgage loans amounting to € 2,800 million (2014: € 2,702 million; 2013: € 2,520 million) are included in the financial assets.

5.11 Financial assets and derivatives (Continued)

Impairment of loans and receivables

The following table breaks down the changes in impairments of loans and receivables:

	2015	2014	2013
At 1 January	−160	−158	−124
Increase in impairments through profit and loss	−49	−34	−57
Release of impairments through profit and loss	58	16	15
Reversal of impairments due to disposal	5	16	8
Changes in the composition of the group	3	—	—
At 31 December	**−143**	**−160**	**−158**

The fair value of the loans and receivables is included in the fair value hierarchy tables (see chapter 5.6.2).

5.11.4 Derivatives

Derivatives consist primarily of derivatives to hedge interest rate movement and inflation rate movements and to a limited extent derivatives held for cash flow hedging.

Derivatives at fair value through profit and loss concerns all derivatives that do not qualify for hedge accounting. Changes in the fair value of derivatives at fair value through profit and loss are recorded in investment income (under 'fair value gains and losses', see chapter 5.24).

Listed derivatives are traded on the basis of standard contracts.

As a result of margin obligations dictated by the different stock exchanges, they do not generally carry any significant counterparty risk. Derivatives transacted in the over-the-counter (OTC) market are agreed mutually by the contractual parties.

Notional amounts are used for measuring derivatives. They are not recognized as assets or liabilities in the balance sheet.

Notional amounts do not reflect the potential gain or loss on a derivative transaction. a.s.r.'s counterparty risk is limited to the positive net fair value of the OTC contracts.

Unless stated otherwise, derivatives are traded over-the-counter. The derivatives can be broken down as follows:

	31 December 2015			31 December 2014			31 December 2013		
	Asset	Liability	Notional amount	Asset	Liability	Notional amount	Asset	Liability	Notional amount
Derivatives									
Foreign exchange contracts	—	2	117	—	1	34	6	—	59
Interest rate contracts									
—Swaps	1,474	369	21,522	2,154	386	18,283	327	523	19,117
—Options	691	—	8,104	1,264	—	10,645	712	—	12,169
Inflation linked swaps	—	6	235	—	—	—	—	—	—
Equity index contracts	31	—	737	17	—	541	9	—	543
Total return swap	**2,196**	**377**	**30,715**	**3,435**	**387**	**29,508**	**1,054**	**533**	**31,994**
Derivatives in a cash flow hedging relationship									
Interest rate contracts	—	—	4	—	—	61	—	2	91
Total as at 31 December	**2,196**	**377**	**30,719**	**3,435**	**387**	**29,569**	**1,054**	**535**	**32,085**

To mitigate interest rate risk a.s.r. entered into forward starting swaps by combining receiver and payer swaps. The notional amounts of both receiver and payer swaps are included in the total notional amounts of foreign exchange contracts.

The fair value of interest-rate contracts is calculated using OIS discounting: under this method the cash flows of the contracts are estimated using the underlying yield curve of the instrument. In practice, these

are Euribor curves with 3-monthly or 6-monthly interest rate resets. Subsequently, the cash flows are discounted using Eonia for EUR instruments and the US Federal Funds rate for USD instruments.

The fair value of the interest-rate contracts using this method form the basis for the amount of collateral that is exchanged between a.s.r. and its counterparties in accordance with the underlying contracts.

The cash flows in connection with interest rate contracts included in derivatives in a cash flow hedging relationship ends in 2016. No cash flow hedges became ineffective in 2015. No amounts were transferred from the cash flow hedging reserve to the income statement 2015.

For details, see chapter 5.3 on risk management.

5.11.5 Cash and cash equivalents

	31 December 2015	31 December 2014	31 December 2013
Due from banks	1,444	571	754
Due from banks falling due within three months	1,184	2,564	767
Total cash and cash equivalents	**2,628**	**3,135**	**1,521**

All cash and cash equivalents are freely available, except cash related to cash collateral which is managed separately from other cash equivalents. The cash components include € 1,803 million (2014: € 3,027 million; 2013: € 677 million) related to cash collateral received on derivative instruments and securities lending. The cash components related to cash collateral given amount to € 6 million (2014: nil; 2013 € 168 million).

Debt related to cash collateral on derivative instruments is included in the amount due to banks (chapter 5.21).

Interest expenses on cash collateral is standardized in the ISDA/ CSA's and based on EONIA.

5.12 Deferred taxes

	31 December 2015	31 December 2014	31 December 2013
Deferred tax assets	516	247	14
Deferred tax liabilities	—	—	—
Net deferred tax	**516**	**247**	**14**

Deferred taxes are formed for differences between the carrying amount of assets and liabilities and their tax base at the enacted tax rate, taking into account tax-exempt components. The enacted and current tax rate of 25.0% (2014: 25.0%; 2013: 25.0%) is applied when calculating deferred tax.

5.12 Deferred taxes (Continued)

The deferred tax asset is mainly caused by additions which been made to the liabilities arising from insurance contracts and have already been recognized in the income tax expense.

	1 January 2015	Changes recognized in profit and loss	Changes recognized in other comprehensive income	Other changes	31 December 2015
Financial assets held for trading	−708	303	–	–	−405
Investments	−651	53	221	−106	−483
Investment property	−510	2	—	1	−507
Property, plant and equipment	6	−2	−1	—	3
Liabilities arising from insurance contracts	1,927	−55	−200	113	1,785
Employee benefits	223	−11	−53	—	159
Provisions	—	4	—	−4	—
Amounts received in advance	−12	−6	—	18	—
Other	−28	−10	—	2	−36
Gross deferred tax	**247**	**278**	**−33**	**24**	**516**
Write-down of deferred tax assets	—	—	—	—	—
Net deferred tax	**247**	**278**	**−33**	**24**	**516**

	1 January 2014	Changes recognized in profit and loss	Changes recognized in other comprehensive income	Other changes	31 December 2014
Financial assets held for trading	−63	−645	—	—	−708
Investments	−252	8	−407	—	−651
Investment property	−501	−6	—	−3	−510
Property, plant and equipment	6	—	—	—	6
Liabilities arising from insurance contracts	791	—	35	—	1,927
Employee benefits	73	778	8	—	223
Provisions	—	−26	176	—	—
Amounts received in advance	−26	—	—	2	−12
Other	−14	14	1	7	−28
Gross deferred tax	**14**	**82**	**127**	**24**	**247**
Write-down of deferred tax assets	—	—	—	—	—
Net deferred tax	**14**	**82**	**127**	**24**	**247**

	1 January 2013	Changes recognized in profit and loss	Changes recognized in other comprehensive income	Other changes	31 December 2013
Financial assets held for trading	−489	426	—	—	−63
Investments	−431	35	14	—	−252
Investment property	−540	38	4	1	−501
Property, plant and equipment	4	2	—	—	6
Liabilities arising from insurance contracts	1,114	−176	—	—	791
Employee benefits	159	−46	−147	—	73
Provisions	1	−1	−40	—	—
Amounts received in advance	−17	−21	—	—	−26
Other	−15	—	—	12	−14
Gross deferred tax	**−214**	**257**	**−42**	**13**	**14**
Write-down of deferred tax assets	—	—	—	—	—
Net deferred tax	**−214**	**257**	**−42**	**13**	**14**

5.12 Deferred taxes (Continued)

The increase in the deferred tax assets is primarily as a result of the net changes, as a result of acquisitions and value increased in the fair value of the derivatives and the related shadow accounting in the liabilities arising from insurance contracts, amounting to € 333 million. The deferred tax on the post- employment benefit plans decreased with € 64 million.

Other changes relate primarily to changes in the composition of the group and to tax relating to interest on other equity instruments.

5.13 Other assets

The table below shows the composition of other assets:

	31 December 2015	31 December 2014	31 December 2013
Deferred investment and interest income	455	483	516
Property developments	53	104	141
Prepaid costs and other non-financial assets	203	150	61
Total other assets	**711**	**737**	**718**

Interest expenses incurred related to property developments were nil in 2015 and capitalized in previous years (2014: € 1 million; 2013: € 2 million) and included in property developments.

5.14 Equity

5.14.1 Share capital

Share capital can be broken down as follows:

	31 December 2015	31 December 2014	31 December 2013
Authorized capital:			
—Ordinary shares; 1,000,000 at a par value of EUR 500	500	500	500
Of which: unsubscribed shares	−400	−400	−400
Subscribed and paid-up capital:			
—Ordinary shares; 200,000 at a par value of EUR 500	**100**	**100**	**100**

5.14 Equity (Continued)

The Dutch State has been the sole shareholder of ASR Nederland N.V. since 3 October 2008. On 29 September 2011, the Dutch State transferred all shares in ASR Nederland N.V. to NL Financial Investments (NLFI) in exchange for depositary receipts for the shares. There were no changes in share capital during the financial year.

5.14.2 Unrealized gains and losses recorded in equity

	Investments available for sale	Revaluation of property in ownuse	Revaluation of associates	Cash flow hedge reserve	DPF component	Total
31 December 2015						
Gross unrealized gains and losses	2,166	5	—	—	—	2,171
Related tax	−474	−1	—	—	—	−475
Shadow accounting	−1,278	—	—	—	—	−1,278
Tax related to shadow accounting	319	—	—	—	—	319
Unrealized gains and losses related to segregated investment pools	−68	—	—	—	—	−68
Tax related to segregated investment pools	17	—	—	—	—	17
Total	**682**	**4**	**—**	**—**	**—**	**686**
31 December 2014						
Gross unrealized gains and losses	3,043	—	—	—	—	3,043
Related tax	−695	—	—	—	—	−695
Shadow accounting	−2,064	—	—	—	—	−2,064
Tax related to shadow accounting	516	—	—	—	—	516
Unrealized gains and losses related to segregated investment pools	−84	—	—	—	—	−84
Tax related to segregated investment pools	21	—	—	—	—	21
Total	**737**	**—**	**—**	**—**	**—**	**737**
31 December 2013						
Gross unrealized gains and losses	1,398	—	6	−1	2	1,405
Related tax	−288	—	—	—	—	−288
Shadow accounting	−657	—	—	—	—	−657
Tax related to shadow accounting	164	—	—	—	—	164
Unrealized gains and losses related to segregated investment pools	−58	—	—	—	—	−58
Tax related to segregated investment pools	15	—	—	—	—	15
Total	**574**	**—**	**6**	**−1**	**2**	**581**

In addition to offering a guaranteed element, also life insurance contracts have been entered which entitle policyholders to additional benefits (see accounting policy J, chapter 5.2).

Expected claims for additional benefits under these insurance contracts with discretionary participation features (DPF) are included in the DPF reserve. This reserve is recognized as a component of the unrealized gains and losses recorded in equity.

5.14.3 Actuarial gains and losses

The actuarial gains and losses related to the post-employment pension plans amount to € −467 million (2014: € −634 million; 2013: € −107 million). See chapter 5.1.3 for a summary of the movements in the defined benefit obligation through equity amounting to € 220 million (2014: € −704 million; 2013: € 156 million).

5.14 Equity (Continued)

5.14.4 Other equity instruments

In 2015, a.s.r. neither issued nor redeemed any equity instruments.

In 2014, a.s.r. issued a combination of capital market transactions in order to further optimize the capital position. The implementation of the capital optimization consists of the following:

- Issue of hybrid Tier 2 instruments 5% Fixed to Fixed Rate Undated Subordinated securities for an amount of € 497 million;
- Buy-back offer of hybrid Tier 1 instruments at a fixed tender offer price amounting to € 278 million (including additional interest on redemption amounting to € 63 million);
- Redemption of hybrid Tier 1 instruments variable interest (3-month Euribor + 2.3%) and hybrid Tier 1 instruments 6.25% fixed interest amounting to € 96 million.

The combination of transactions further optimized the Group's capital structure for upcoming Solvency II regulations, enhancing the strong capital position of the Group and phasing-out the guarantee structure provided by ASR Levensverzekering N.V., a group company. Transaction costs related to the capital optimization amount to € 2 million.

Position as at 31 December	2015	2014	2013	Coupon date
Hybrid Tier 1 instrument variable interest (3-month Euribor + 2.3%)	—	—	84	Per quarter with effect from 26 October 2009
Hybrid Tier 1 instrument 6.25% fixed interest	—	—	12	Per quarter with effect from 30 September 2009
Hybrid Tier 1 instrument 10% fixed interest	187	187	382	Annually with effect from 26 October 2010
Hybrid Tier 1 instrument 7.25% fixed interest	17	17	37	Annually with effect from 30 September 2010
Hybrid Tier 2 instrument 5% fixed interest	497	497	—	Annually with effect from 30 September 2015
Total	**701**	**701**	**515**	

The Tier 1 and Tier 2 instruments bear discretionary interest and have no maturity date, but can be redeemed at the option of a.s.r. on any coupon due date with effect from:

	Date
Hybrid Tier 1 instrument 10% fixed interest	26 October 2019
Hybrid Tier 1 instrument 7.25% fixed interest	30 September 2019
Hybrid Tier 2 instrument 5% fixed interest	30 September 2024

If the hybrid Tier 1 instrument at 10% fixed interest is not redeemed on 26 October 2019, the interest rate will be changed to 3-month Euribor plus 9.705%, with a quarterly coupon date with effect from 26 January 2020.

The Tier 1 and Tier 2 instruments have subordination provisions, rank junior to all other liabilities and senior to shareholder's equity only. The conditions of the securities contain certain provisions for optional and required coupon payment deferral and mandatory coupon payment events.

5.14 Equity (Continued)

The following amounts were distributed to holders of equity instruments as discretionary interest:

Amounts in € thousand	31 December 2015	31 December 2014	31 December 2013
Regular interest			
Hybrid Tier 1 instrument variable interest (3-month Euribor + 2.3%)	—	2,205	2,174
Hybrid Tier 1 instrument 6.25% fixed interest	—	771	771
Hybrid Tier 1 instrument 10% fixed interest	19,246	38,631	38,631
Hybrid Tier 1 instrument 7.25% fixed interest	1,231	2,731	2,731
Hybrid Tier 2 instrument 5% fixed interest	25,000	—	—
Total regular interest	**45,477**	**44,338**	**44,307**
Interest (as a result of early redemption)			
Hybrid Tier 1 instrument 10% fixed interest	—	60,624	—
Hybrid Tier 1 instrument 7.25% fixed interest	—	3,523	—
Total interest (as a result of early redemption)	**—**	**64,147**	**—**
Total	**45,477**	**108,485**	**44,307**

The Tier 1 and Tier 2 instruments are classified as equity as there is no requirement to settle the obligation in cash or another financial asset or to exchange financial assets or financial liabilities under conditions that are potentially unfavourable for a.s.r.

5.14.5 Non-controlling interests

Movements in non-controlling interests can be broken down as follows:

	2015	2014	2013
At 1 January	−20	−18	−13
Share of total comprehensive income	3	−2	−5
Dividend paid	−4	—	—
Capital investment	5	—	—
At 31 December	**−16**	**−20**	**−18**

The negative non-controlling interest relates to property development projects where non-controlling shareholders have committed to increase capital when required.

5.14.6 Earnings per share

The earnings per share as calculated below are based on the number of shares at year-end (basic earnings per share). As a.s.r. had no potential shares, basic and diluted earnings per share are equal. Net profit in the following table is after tax and non- controlling interests.

Earnings per share at year-end	2015	2014	2013
Net profit from continuing operations	593	347	215
Net profit from discontinued operations	−26	−5	−1
Net profit (loss) attributable to holders of ordinary shares for calculating the earnings per ordinary share	**567**	**342**	**214**
Weighted average number of ordinary shares in issue	200,000	200,000	200,000
Basic earnings per ordinary share from continuing operations (in euros)	2,965	1,735	1,075
Basic earnings per ordinary share from discontinued operations (in euros)	−130	−25	−5
Basic earnings per ordinary share (in euros)	**2,835**	**1,710**	**1,070**

5.15 Subordinated liabilities

	Nominal amount	Carrying value
Hybrid Tier 2 instrument 5.125% fixed interest	500	497

On 22 September 2015, a.s.r. issued € 500 million subordinated liabilities in the form of Tier 2 notes, first callable on 29 September 2025, and maturing on 29 September 2045. The coupon is fixed at 5.125% and paid annually on 29 September with a step up at the first call date.

The notes were issued in order to strengthen the quality of a.s.r. capital and the net proceeds from the notes were applied by a.s.r. for its general corporate purposes.

These notes are subordinated and ranking equally without any preference amongst themselves and (a) junior to the claims of all senior creditors of a.s.r., (b) equally with any parity obligations and (c) in priority to claims in respect of (i) any equity securities and (ii) any junior obligations.

The subordinated liability is classified as liability given the obligation to settle the loans and pay the coupon. They are considered Tier 2 for regulatory purposes.

5.16 Insurance liabilities

5.16.1 Liabilities arising from insurance contracts

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

	Gross			Of which reinsurance		
	31 December 2015	31 December 2014	31 December 2013	31 December 2015	31 December 2014	31 December 2013
Provision for unearned premiums	403	419	414	4	10	5
Provision for claims (including IBNR)	4,110	4,152	3,826	406	409	402
Non-life insurance contracts	**4,513**	**4,571**	**4,240**	**410**	**419**	**407**
Life insurance contracts	**26,060**	**23,655**	**19,653**	**201**	**—**	**—**
Total liabilities arising from insurance contracts	**30,573**	**28,226**	**23,893**	**611**	**419**	**407**

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

	Gross			Of which reinsurance		
	2015	2014	2013	2015	2014	2013
Provision for unearned premiums						
At 1 January	419	414	416	10	5	38
Changes in provision for unearned premiums	−16	4	−1	−6	6	−34
Other changes	—	1	−1	—	−1	1
Provision for unearned premiums as at 31 December	**403**	**419**	**414**	**4**	**10**	**5**
Provision for claims (including IBNR)						
At 1 January	4,152	3,826	3,710	409	402	407
Benefits paid	−1,714	−1,659	−1,705	−82	−85	−101
Changes in provision for claims	1,745	1,750	1,923	79	92	96
Changes in shadow accounting through equity	−73	235	−102	—	—	—
Provision for claims (including IBNR) as at 31 December	**4,110**	**4,152**	**3,826**	**406**	**409**	**402**
Non-life insurance contracts as at 31 December	**4,513**	**4,571**	**4,240**	**410**	**419**	**407**

5.16 Insurance liabilities (Continued)

The Gross provisions for claims comprises:

	Gross		
	31 December 2015	31 December 2014	31 December 2013
Claims reported	3,606	3,662	3,299
IBNR	504	490	527
Total provisions for claims	**4,110**	**4,152**	**3,826**

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

	Gross			Of which insurance		
	2015	2014	2013	2015	2014	2013
At 1 January	23,715	19,731	21,390	—	—	—
Acquisition of insurance portfolios	—	—	33	—	—	—
Premiums received / paid	1,172	818	898	201	—	—
Regular interest added	653	628	636	—	—	—
Realized gains and losses	1,178	753	619	—	—	—
Amortization of realized gains	−197	−98	−86	—	—	—
Benefits	−1,357	−1,330	−1,498	—	—	—
Technical result	−62	−3	−84	—	—	—
Release of cost recovery	−144	−140	−158	—	—	—
Changes in shadow accounting through equity	−713	1,172	−518	—	—	—
Changes in shadow accounting through income	−1,179	2,487	−1,323	—	—	—
Other changes	−133	−303	−178	—	—	—
Changes in the composition of the group	3,168	—	—	—	—	—
At 31 December	**26,101**	**23,715**	**19,731**	**201**	**—**	**—**
Interest margin participations to be written down						
At 1 January	−67	−87	−112	—	—	—
Write-down recognized in profit and loss	17	20	24	—	—	—
Other changes	1	—	1	—	—	—
At 31 December	**−49**	**−67**	**−87**	**—**	**—**	**—**
Provision for discretionary profit-sharing, bonuses and discounts						
At 1 January	7	9	10	—	—	—
Profit-sharing, bonuses and discounts granted in the financial year	−1	−2	−1	—	—	—
Changes in the composition of the group	2	—	—	—	—	—
At 31 December	**8**	**7**	**9**	**—**	**—**	**—**
Total life insurance contracts at year-end	**26,060**	**23,655**	**19,653**	**201**	**—**	**—**

The realized gains and losses amounting to € 1,178 million relate to the realized gains and losses of the investments in fixed interest securities (chapter 5.24.2) and the realized gains and losses on derivatives (chapter 5.24.3).

At year-end 2015, the liabilities included guarantee provisions directly attributable for a carrying amount of € 117 million (2014: € 123 million; 2013: € 139 million). The increase in total life insurance contracts mainly results from the acquisition of AXENT and De Eendracht (presented as changes in the composition of the group) amounting to € 3,168 million, and an increase in the pension portfolio (single premium of € 370 million). Other changes include the effect of the conversion of some insurance contracts amounting to € −128 million (2014: € −318 million; 2013: € −128 million) which are included in the liabilities arising from insurance contracts on behalf of policyholders.

5.16 Insurance liabilities (Continued)

In December 2015 a.s.r. entered into a strategic partnership for the reinsurance of part of a.s.r.'s pension portfolio. The reinsured sum involved is € 201 million. Gains and losses on buying reinsurance are deferred and amortized. The amount of amortization for 2015 is nil (2014: nil; 2013: nil), and the amount unamortized at the end of 2015 is € 4 million (2014: nil; 2013: nil).

5.16.2 Claims development table, non-life

The table below is a ten-year summary of movements in gross cumulative claims in connection with the non-life portfolio for the period from 2006 to 2015.

Gross claims (cumulative) as at 31 December 2015	Claims year										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
At year-end:											
1st claims year	1,201	1,369	1,575	1,719	1,706	1,762	1,969	1,845	1,770	1,776	
2007	1,167	—	—	—	—	—	—	—	—	—	
2008	1,076	1,264	—	—	—	—	—	—	—	—	
2009	1,067	1,231	1,473	—	—	—	—	—	—	—	
2010	1,079	1,200	1,441	1,669	—	—	—	—	—	—	
2011	1,087	1,206	1,422	1,634	1,778	—	—	—	—	—	
2012	1,085	1,216	1,424	1,658	1,684	1,668	—	—	—	—	
2013	1,096	1,231	1,447	1,680	1,715	1,636	1,881	—	—	—	
2014	1,124	1,265	1,480	1,708	1,728	1,650	1,856	1,784	—	—	
2015	1,097	1,266	1,480	1,710	1,735	1,653	1,850	1,777	1,695	—	
Gross claims at 31 December 2015	**1,097**	**1,266**	**1,480**	**1,710**	**1,735**	**1,653**	**1,850**	**1,777**	**1,695**	**1,776**	
Cumulative gross paid claims	1,036	1,153	1,316	1,479	1,461	1,366	1,502	1,354	1,210	759	
Gross outstanding claims liabilities (including IBNR)	**61**	**113**	**164**	**231**	**274**	**287**	**348**	**423**	**485**	**1,015**	**3,401**
Claim liabilities prior years											417
Other claim liabilities											39
Shadow accounting											253
Total claims liabilities											**4,110**

Gross claims (cumulative) as at 31 December 2014	Claims year										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
At year-end:											
1st claims year	1,258	1,201	1,389	1,571	1,731	1,712	1,771	1,969	1,841	1,763	
2006	1,141	—	—	—	—	—	—	—	—	—	
2007	1,041	1,167	—	—	—	—	—	—	—	—	
2008	1,002	1,076	1,294	—	—	—	—	—	—	—	
2009	1,013	1,067	1,262	1,480	—	—	—	—	—	—	
2010	1,022	1,079	1,213	1,456	1,677	—	—	—	—	—	
2011	1,042	1,087	1,218	1,436	1,636	1,764	—	—	—	—	
2012	1,041	1,085	1,229	1,438	1,660	1,681	1,667	—	—	—	
2013	1,054	1,096	1,243	1,461	1,682	1,712	1,646	1,874	—	—	
2014	1,045	1,124	1,277	1,494	1,710	1,739	1,669	1,867	1,789	—	
Gross claims at 31 December 2014	**1,045**	**1,124**	**1,277**	**1,494**	**1,710**	**1,739**	**1,669**	**1,867**	**1,789**	**1,763**	
Cumulative gross paid claims	990	1,020	1,143	1,301	1,442	1,421	1,329	1,457	1,259	715	
Gross outstanding claims liabilities (including IBNR)	**55**	**104**	**134**	**193**	**268**	**318**	**340**	**410**	**530**	**1,048**	**3,400**
Claim liabilities prior years											392
Other claim liabilities											34
Shadow accounting											326
Total claims liabilities											**4,152**

5.16 Insurance liabilities (Continued)

Gross claims (cumulative) as at 31 December 2013	Claims year										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
At year-end:											
1st claims year	1,405	1,258	1,201	1,389	1,571	1,731	1,712	1,771	1,969	1,841	
2005	1,221	—	—	—	—	—	—	—	—	—	
2006	1,113	1,141	—	—	—	—	—	—	—	—	
2007	1,093	1,041	1,167	—	—	—	—	—	—	—	
2008	1,092	1,002	1,076	1,294	—	—	—	—	—	—	
2009	1,083	1,013	1,067	1,262	1,480	—	—	—	—	—	
2010	1,101	1,022	1,079	1,213	1,456	1,677	—	—	—	—	
2011	1,096	1,042	1,087	1,218	1,436	1,636	1,764	—	—	—	
2012	1,100	1,041	1,085	1,229	1,438	1,660	1,681	1,667	—	—	
2013	1,091	1,054	1,096	1,243	1,461	1,682	1,712	1,646	1,874	—	
Gross claims at 31 December 2013	**1,091**	**1,054**	**1,096**	**1,243**	**1,461**	**1,682**	**1,712**	**1,646**	**1,874**	**1,841**	
Cumulative gross paid claims	1,051	975	1,000	1,118	1,268	1,397	1,361	1,266	1,363	749	
Gross outstanding claims liabilities (including IBNR)	40	79	96	125	193	285	351	380	511	1,092	3,152
Claim liabilities prior years											508
Other claim liabilities											75
Shadow accounting											91
Total claims liabilities											**3,826**

5.16.3 Liabilities arising from insurance contracts on behalf of policyholders

Movements in liabilities arising from insurance contracts on behalf of policyholders can be broken down as follows:

	2015	2014	2013
At 1 January	9,779	8,992	8,926
Premiums received	570	610	676
Interest added	135	122	106
Benefits	−1,057	−944	−1,338
Effect of fair value changes related to financial assets	496	781	672
Technical result	−26	−13	−31
Release of cost recovery	−101	−109	−130
Other changes	127	340	111
Changes in the composition of the group	74	—	—
At 31 December	**9,997**	**9,779**	**8,992**

At year-end 2015, the liabilities included a guarantee provision for a carrying amount of € 29 million (2014: € 26 million; 2013: € 47 million) and a provision related to unit-linked insurance contracts and pension contracts for a carrying amount of € 163 million (2014: € 197 million; 2013: € 218 million). These provisions relate to compensation for the cost of these contracts. Other changes primarily includes the effect of the conversion of some insurance contracts amounting to € 128 million (2014: € 318 million; 2013: € 128 million) which were previously included in the liabilities arising from insurance contracts.

Liabilities arising from insurance contracts on behalf of policyholders also include liabilities where conversions and switches have occurred in the insurance contract administration. The insurance contract continues to be classified as an insurance contract on behalf of policyholders. The insurance contract still meets the definition of an insurance contract on behalf of policyholders and therefore continues to be included in the insurance contracts on behalf of policyholders administration. However, as a result of the conversion and switches, liabilities arising from insurance contracts on behalf of policyholders amounting to € 2,054 million (2014: € 1,803 million; 2013: € 1,282 million) are—in the classification and subsequent

5.16 Insurance liabilities (Continued)

presentation—not backed directly with investments on behalf of policyholders. The related investments are included and presented in investments (available for sale) and loans and receivables.

5.17 Employee benefits

Employee benefits can be broken down as follows:

	31 December 2015	31 December 2014	31 December 2013
Post-employment benefits pensions (chapter 5.17.1)	2,922	3,087	2,405
Post-employment benefits other than pensions (chapter 5.17.2)	28	29	15
Post-employment benefit obligation	**2,950**	**3,116**	**2,420**
Other long-term employee benefits (chapter 5.17.3)	12	7	6
Total	**2,962**	**3,123**	**2,426**
Specified as follows:			
ASR Nederland N.V.	2,945	3,123	2,426
Other group companies	17	—	—

ASR Levensverzekering N.V., an insurance company and a group entity, is the insurer of the majority of the post-employment benefit plan. As this company holds the separated investments that are meant to cover the employee benefit obligation, they do not qualify as plan assets in accordance with IAS 19 and are therefore included in financial assets.

The costs of post-employment and other long-term employee benefits are as follows:

	2015	2014	2013
Post-employment benefits pensions	−97	−48	−108
Post-employment benefits other than pensions	—	−18	−1
Total	**−97**	**−66**	**−109**
Other long-term employee benefits	—	−1	3
Costs of post-employment benefits	**−97**	**−67**	**−106**

The costs relate to all members of the a.s.r. post-employment benefit plan and included the other income as a result of the amendments to the post-employment benefit plans is not applicable for 2015 (2014: € 78 million; 2013: € 27 million).

5.17.1 Post-employment benefits pensions

A number of defined benefit post-employment benefit plans for its employees and former employees exist. The majority of employees are formally employed by ASR Nederland N.V. A limited amount of employees are employed by other group companies.

ASR Nederland N.V. employees

The a.s.r. post-employment benefit plans are based on an average-salary pension. All employees who commenced service after 1 January 2006 are included in one post-employment benefit plan ('Basic plan'). All other employees remain active within the existing plan at the date of first employment.

Previous plans for former employees are also still active. The methods and techniques used to calculate the defined benefit obligations are based on IAS 19 requirements and calculated by an independent actuary.

The pension contributions are paid by a.s.r. and employees also pay an own contribution of 6% of their pensionable salary.

The benefits under these plans are dependent on factors such as years of service and compensation. Pension obligations are determined using mortality tables, the rate of employee turnover, wage drift and economic assumptions for factors such as inflation, and the discount rate.

5.17 Employee benefits (Continued)

The post-employment benefit plans for a.s.r.'s employees have been insured by ASR Levensverzekering N.V. since 2008.

Changes in 2014

a.s.r. has harmonized the (inflation) indexation in its post- employment benefit plan for both employees and former employees in 2014. This has resulted in the foundation of a separate account to fund future inflation indexation based on the consumer price index, maximized to 3%, by investing € 285 million in a dedicated separate account administrated by ASR Levensverzekering N.V. The sole purpose of the separate account is to provide indexation when the proceeds of the existing investments backing the pension plan are insufficient to meet the indexation.

Furthermore, the following changes took take place with effect from 1 January 2015, for employees primarily in order to comply with pension and tax legislation, which have therefore already been included in 2014:

- the accrual rate for old age pensions was changed to 1.875% (2014: 1.9%);
- retirement age changed to 67 years (2014: 67 years);
- maximum pensionable salary capped at € 100,000;
- minimum franchise has changed.

As a result of the above mentioned amendments a past service cost is accounted for in 2014 amounting to € 78 million which has been recognized in the Other income in 2014 (see chapter 5.26).

Other group companies employees

The other group companies which have been acquired in 2015, have defined benefit plans which consist of primarily of indexed average salary pension plans, taking into account a franchise and primarily based on the following conditions:

- the accrual rate for old age pensions ranging between 1.75% and 1.875%;
- retirement age 67 years;
- maximum pensionable salary capped at € 100,000.

5.17 Employee benefits (Continued)

Net defined benefit liability

The table below shows movements in the defined benefit obligation:

	2015	2014	2013
Defined benefit obligation at 1 January	**3,087**	**2,405**	**2,517**
Included in income statement			
—Current service cost, contributions by employer	44	34	39
—Interest cost	61	92	96
—Past service cost	—	−78	−27
Total	**105**	**48**	**108**
Remeasurement of liabilities included in OCI			
—Discount rate change	−301	904	−41
—Other assumptions change	97	−185	−97
—Experience adjustments	−14	−13	−14
Total	**−218**	**706**	**−152**
Current service cost, contributions by employee	8	9	9
Benefits	−82	−81	−77
Changes in the composition of the group	17	—	—
Other	5	—	—
Defined benefit obligation at 31 December	**2,922**	**3,087**	**2,405**
Specified as follows:			
ASR Nederland N.V.	2,906	3,087	2,405
Other group companies	16	—	—
At 31 December			
Defined benefit obligation	2,943	3,087	2,405
Fair value of plan assets	−21	—	—
Net defined benefit liability	2,922	3,087	2,405

Employees account for 24% (2014: 25%; 2013: 23%) of the DBO and 38% (2014: 38%; 2013: 41%) of the DBO relates to former employees currently receiving pension benefits.

The discount rate has increased by 0.5% point to 2.5% at 31 December 2015 (2014: 2.0%; 2013: 3.9%), resulting in a € 301 million decrease in the DBO.

As per 31 December 2015 the duration of the defined benefit mlobligation was 18 years (2014: 19 years; 2013: 17 years).

The change in other assumptions amounts to € 88 million (2014: € 163 million; 2013: € 107 million) due to a change in indexation percentage of former employees.

Experience adjustments are actuarial gains and losses that have arisen due to differences between actuarial assumptions. The following table provides information about experience adjustments with respect to qualifying plan assets and the defined benefit obligation:

	2015	2014	2013
Experience adjustments to qualifying investments, gain (loss)	−2	—	—
As % of qualifying investments as at 31 December	—	—	—
Experienced adjustments to defined benefit obligation, loss (gain)	16	13	14
As a % of liabilities as at 31 December	0.6%	0.4%	0.6%

5.17 Employee benefits (Continued)

Assumptions

The principal actuarial assumptions and parameters at year-end were as follows:

	2015	2014	2013
Discount rate	2.5%	2.0%	3.9%
Future salary increases (including price inflation and merit)	1.4%	1.2%	1.5%
Future pension increases (including price inflation)	1.9%	1.5%	1.8%
Indexation % employees	1.4%	1.2%	0.6%
Indexation % former employees	1.5%	1.3%	1.7%
Accrual rate	1.9%	1.9%	1.9%
Mortality (years)	20.7	20.5	22.0
Expected remaining service years	7.8	8.9	8.7

In the calculation of the defined benefit obligation the:

- discount rate is determined based on the return (zero coupon rate) of high-quality corporate bonds (AA rating) and the duration of the pension obligation. The discount rate methodology is based on the IBoxx € Corporates AA 10+ curve;
- most recent mortality table 'AG Prognosetafel 2014' is used, including the CVS 2005-2014 table;
- The period of indexation is based on the expected duration of the separate account to fund the future inflation indexation.

All methods used for determining the DBO and assumptions are consistent with those applied in 2014.

The sensitivity of the above actuarial assumptions to feasible possible changes at the reporting date to one of the relevant actuarial assumptions whilst other assumption remain constant, would have affected the defined benefit obligation by the amounts shown below:

	Increase	Decrease
Discount rate (1% movement)	−475	627
Indexation employees (1% movement)	16	−8
Indexation former employees (1% movement)	427	−310
Future salary growth (1% movement)	4	−3
Future pension growth (1% movement)	434	−332
Future mortality (1 year movement)	−108	108

Plan assets

The pensions related to other group companies which have been acquired in 2015, are administered and guaranteed by a number of insurance companies outside of the group. As such the plan assets recognized relate to the insurance contracts and amount to € 21 million (2014: € 0 million; 2013 € 0 million).

Non qualifying plan assets

The portfolio of global investments (non-qualifying assets) held by ASR Levensverzekering N.V. to cover the employee benefit expense can be broken down as follows:

Asset category	31 December 2015	31 December 2014	31 December 2013
Equities	15%	14%	15%
Fixed-interest securities	79%	80%	79%
Real estate	6%	5%	5%
Cash	0%	1%	1%

The non-qualifying assets managed by a group company are not taken into account in measuring the net defined benefit obligation. At year-end 2015, the fair value of these assets amounted to € 2,419 million (2014: € 2,409 million; 2013: € 1,915 million), which includes the separate account to fund future inflation indexation amounting to € 306 million (31 December 2014: € 292 million; 31 December 2013: nil).

5.17 Employee benefits (Continued)

For the non-qualifying assets backing the post-employment benefit plans, a.s.r. has drawn up general guidelines for asset mix based on criteria such as geographical location and ratings. To ensure the investment guidelines remains in line with the conditions of post-employment benefit obligations, a.s.r. regularly performs Asset Liability Management (ALM) studies. Transactions in the non-qualifying assets are done within the guidelines. As the post-employment benefit plans are a liability on group level, the underlying insurance and market risks are in scope of a.s.r.'s risk policies. (see chapter 5.3). The overall interest-rate risk of the group is managed using interest- rate swaps and swaptions (see chapter 5.3.4.1). These swaps and swaptions have not been allocated directly to the post-employment benefit obligations; neither are they included as part of the fair value of the non-qualifying assets managed by the group company.

Under IFRS, assets managed by insurance companies that form part of the group do not qualify as qualifying assets. Investment income from these assets has therefore not been included in the above figures. Actual investment returns for 2015 amounted to € 108 million (2014: € 98 million; 2013: € 97 million). These returns have been recognized in investment income (chapter 5.24).

As an employer, a.s.r. is expected to pay contributions for pension plans and other post-employment benefits in the coming financial year amounting to € 111 million (excluding the positive effect of the investment income) and € 0.2 million respectively.

The separate account to fund future inflation indexation is expected to be utilized in ten years to fund the future inflation indexation for the employees and former employees included in the ASR Nederland N.V. post-employment benefit plans.

As such this has been included in the assumption used in calculating the defined benefit obligation.

5.17.2 Post-employment benefits other than pensions

The other post-employment benefits defined plans consist of personnel arrangements for financial products (such as mortgages and health insurance), which remain in place after retirement.

The table below shows movements in the defined benefit obligation:

	2015	2014	2013
Defined benefit obligation at 1 January	29	15	21
Included in income statement			
Current service cost, contributions by employer	—	—	1
Past service cost	—	18	—
Total	**—**	**18**	**1**
Remeasurement of liabilities included in OCI			
Discount rate change	−1	1	−1
Other assumptions change	−1	−3	−3
Total	**−2**	**−2**	**−4**
Benefits	−1	−2	−3
Other	2	—	—
Defined benefit obligation at 31 December	**28**	**29**	**15**
Specified as follows:			
ASR Nederland N.V.	28	29	15

5.17 Employee benefits (Continued)

Experience adjustments are actuarial gains and losses that have arisen due to differences between actuarial assumptions. The following table provides information about experience adjustments with respect to qualifying plan assets and the defined benefit obligation:

	2015	2014	2013
Experience adjustments to qualifying investments, gain (loss)	—	—	—
As % of qualifying investments as at 31 December	—	—	—
Experienced adjustments to defined benefit obligation, loss (gain)	—	3	3
As a % of liabilities as at 31 December	1.7%	10.3%	21.5%

The principal actuarial assumptions and parameters at year-end were as follows:

	2015	2014	2013
Discount rate	1.4%	0.7%	2.1%
Expected return on plan assets	—	—	—
Future salary increases (including price inflation and merit)	0.0%	1.2%	1.5%
Future pension increases (including price inflation)	0.0%	—	0.0%
Indexation % employees	0.0%	0.0%	0.6%
Indexation % former employees	0.0%	0.0%	1.7%
Accrual rate	0.0%	—	0.0%
Mortality (years)	—	—	—
Future mortgage interest (in connection with grantable discounts)	2.5%	2.8%	3.5%

In the calculation of the defined benefit obligation the:

- discount rate is determined based on the return (zero coupon rate) of high-quality corporate bonds (AA rating) and the duration of the pension obligation. The discount rate methodology is based on the IBoxx € Corporates AA 10+ curve;
- most recent mortality table 'AG Prognosetafel 2014' is used, including the CVS 2005-2014 table.

All methods used for determining the DBO and assumptions are consistent with those applied in 2014.

The sensitivity of the above actuarial assumptions to feasible possible changes at the reporting date to one of the relevant actuarial assumptions whilst other assumption remain constant, would have affected the defined benefit obligation by the amounts of € −1 million increase or € 1 million decrease as a result of a movement of the discount rate by 1%.

5.17.3 Other long-term employee benefits

Other long-term employee benefits consist of the employer's share of liabilities arising from long-service benefits. The table below shows the changes in these liabilities:

	2015	2014	2013
Net liability as at 1 January	7	6	10
Total expenses	6	1	−3
Paid contributions	—	—	—
Other	−1	—	−1
Changes in the composition of the group	—	—	—
Net liability as at 31 December	**12**	**7**	**6**
Specified as follows:			
—ASR Nederland N.V.	12	7	6
—Other group companies	—	—	—

5.17 Employee benefits (Continued)

The underlying assumptions are as follows:

Actuarial year-end assumptions	31 December 2015	31 December 2014	31 December 2013
Discount rate	1.0%	0.7%	2.4%
Salary increases	1.4%	1.2%	1.5%
Expected remaining service years	7.9	8.9	8.7

5.18 Provisions

The table below shows movements in provisions:

	2015	2014	2013
At 1 January	38	36	31
Additional foreseen amounts	43	48	45
Reversal of unused amounts	−2	−4	—
Usages in course of year	−17	−41	−40
Other changes	−1	−1	—
Changes in the composition of the group	−11	—	—
At 31 December	**50**	**38**	**36**

The provisions were created for:

- tax and legal issues;
- staff restructuring expenses;
- retention of disability risk instead of insuring it with UWV (Employed Persons Insurance Administration Agency).

The provision for tax and legal issues is based on best estimates available at year-end, making allowance for expert opinions.

The timing of the outflow of resources related to these provisions is uncertain because of the unpredictability of the outcome and the time required for the settlement of disputes.

The provisions for staff restructuring are based on arrangements agreed in the Collective Bargaining Agreement, restructuring plans, and on decisions made by a.s.r.'s management.

An amount of € 37 million of the provisions is expected to fall due within one year (2014: € 18 million; 2013: € 15 million).

5.19 Borrowings

As at year-end 2015, borrowings comprised loans having the following terms to maturity:

	31 December 2015	31 December 2014	31 December 2013
Falling due within 1 year	21	27	50
Falling due between 1 and 5 years	24	65	21
Falling due after 5 years	10	25	27
Total borrowings	**55**	**117**	**98**

At year-end 2015, the fair value of borrowings was € 55 million (2014: € 117 million; 2013: € 98 million). See chapter 5.6.2. The average interest rate payable on other borrowings was 2.28% (2014: 2.60%; 2013: 3.30%).

These borrowings are used for investment purposes (property, group pension contracts), for balance sheet management, and for short-term cash flow management.

5.20 Due to customers

Amounts owed to customers can be broken down as follows:

	31 December 2015	31 December 2014	31 December 2013
Debts to policyholders, agents and intermediaries	561	909	458
Debts to reinsurers	29	12	19
Savings	799	733	540
Other liabilities	371	295	349
Total due to customers	**1,760**	**1,949**	**1,366**

All carrying amounts reflect the fair value as at the balance sheet date (see chapter 5.6.2).

The decrease of 'debts to policyholders, agents and intermediaries' is related to a pre-payment received in 2014, as a result of the buy-out of Stichting Chevron Pensioenfonds (the Chevron pension fund) amounting to € 370 million.

5.21 Due to banks

The decrease in amounts due to banks € 1,804 million (2014: € 3,277 million; 2013: € 677 million) is primarily the result of cash collateral received under ISDAs concluded with counterparties. There is no significant difference between the carrying amount of € 1,804 million (2014: € 3,277 million; 2013: € 677 million) due to banks and the fair value of these liabilities (see chapter 5.6.2).

The average interest rate payable for the cash collateral received in 2015 is −0.11% (EONIA) (2014: 0.09%; 2013: 0.09%).

There are no specific terms and conditions, because these depend on the development of the value of the underlying instrument.

5.22 Other liabilities

Other liabilities can be broken down as follows:

	31 December 2015	31 December 2014	31 December 2013
Deferred income	95	252	318
Accrued interest	94	87	114
Other liabilities	438	262	317
Short-term employee benefits	50	58	63
Trade payables	150	135	206
Tax payable	139	255	354
Total other liabilities	**966**	**1,049**	**1,372**

There is no difference between the carrying value of other liabilities and their fair value (see chapter 5.6.2).

5.23 Gross insurance premiums

The table below shows the composition of gross insurance premiums:

Total Premiums non-life and life	2015	2014	2013
Non-life insurance contracts—gross earned premiums	**2,366**	**2,355**	**2,393**
Life insurance contracts retained exposure	1,172	818	898
Life insurance contracts on behalf of policyholders	570	610	633
Total life insurance contracts	**1,742**	**1,428**	**1,531**
Total gross insurance premiums	**4,108**	**3,783**	**3,924**

The table below provides an overview of total gross earned non-life insurance premiums. For further details on the individual business lines, see the segment information in chapter 5.5.

Premiums non-life	2015	2014	2013
Gross premiums written	2,350	2,359	2,392
Changes in provisions for unearned premiums	16	− 4	1
Non-life insurance contracts—gross earned premiums	**2,366**	**2,355**	**2,393**

Non-recurring and regular insurance premiums can be broken down as follows:

Premiums life	2015	2014	2013
Retained exposure Group			
Non-recurring premiums written	440	62	73
Periodic premiums written	181	188	250
Group total	**621**	**250**	**323**
Individual			
Non-recurring premiums written	96	116	104
Periodic premiums written	455	452	471
Individual total	**551**	**568**	**575**
Total contracts retained exposure	**1,172**	**818**	**898**
On behalf of policyholders Group			
Non-recurring premiums written	30	24	21
Periodic premiums written	246	253	233
Group total	**276**	**277**	**254**
Individual			
Non-recurring premiums written	4	4	4
Periodic premiums written	290	329	375
Individual total	**294**	**333**	**379**
Total contracts on behalf of policyholders	**570**	**610**	**633**
Total life insurance contracts	**1,742**	**1,428**	**1,531**

Total life insurance contract premiums include the elimination of € 53 million in premiums related to the a.s.r. post-employment benefit plans (2014: € 82 million; 2013: € 91 million) and the elimination of investment fees amounting to € 34 million (2014: € 33 million; 2013: € 44 million). The Non-recurring premiums written increased to € 440 million in 2015, mainly resulting from the increase in the pension portfolio (single premium of € 370 million).

5.24 Investment income

5.24.1 Total investment income

The table below shows a breakdown of investment income per category:

	2015	2014	2013
Interest income	1,125	1,200	1,260
Dividend and other investment income	235	232	240
Total investment income	**1,360**	**1,432**	**1,500**

The table below breaks down interest income per category:

	2015	2014	2013
Interest income from receivables due from credit institutions	153	149	148
Interest income from investments	502	532	575
Interest income from amounts due from customers	255	248	223
Interest income from trade receivables and derivatives	212	253	309
Other interest income	3	18	5
Total interest income	**1,125**	**1,200**	**1,260**

The effective interest method has been applied to an amount of € 893 million of the interest income from financial assets not classified at fair value through profit and loss (2014: € 904 million; 2013: € 920 million).

Interest income includes € 15 million (2014: € 18 million; 2013: € 31 million) in interest received on impaired fixed-income securities.

Dividend and other investment income per category can be broken down as follows:

	2015	2014	2013
Dividend on equities	45	39	43
Rentals from investment property	124	133	138
Other investment income	66	60	59
Total dividend and other investment income	**235**	**232**	**240**

5.24.2 Realized gains and losses

The table below shows a breakdown of realized gains and losses per category:

	2015	2014	2013
Group companies, associates and joint ventures			
—Realized gains	2	−1	—
—Realized losses	—	—	—
Investments available for sale			
Fixed-interest securities			
—Realized gains	504	345	306
—Realized losses	−8	−2	−14
Equities			
—Realized gains	246	116	110
—Realized losses	−28	−7	−29
Other investments			
—Realized gains	—	—	—
—Realized losses	—	—	—
Total realized gains and losses	**716**	**451**	**373**

Reversal of impairments on fixed-interest securities as a result of disposal amounts to € 30 million (2014: € 32 million, 2013: € 68 million).

5.24 Investment income (Continued)

5.24.3 Fair value gains and losses

Fair value gains and losses per category can be broken down as follows:

	2015	2014	2013
Realized gains and losses on derivatives	747	512	380
Unrealized gains and losses on derivatives	−1,181	2,483	−1,335
Unrealized gains and losses on investment property and property for own use	138	32	−44
Financial assets at fair value through profit and loss	40	28	−21
Other fair value gains and losses	−1	−3	1
Additions to Insurance liabilities due to shadow accounting (chapter 5.16)	1,179	−2,487	1,323
Total fair value gains and losses	**922**	**565**	**304**

All changes in fair value presented here are changes to the so-called 'clean fair value'. This is the fair value net of accrued interest recognized in interest income and expense.

5.25 Fee and commission income

Total fee and commission income amounts to € 52 million (2014: € 35 million; 2013: € 45 million) of which reinsured commission income amounts to € 26 million (2014: € 23 million; 2013: € 35 million).

5.26 Other income

Other income can be broken down as follows:

	2015	2014	2013
Proceeds from property developments	49	102	132
Other income	36	101	49
Total other income	**85**	**203**	**181**

In 2014 and 2013 the item Other income included past service cost related to the amendment to the a.s.r. post—employment benefit plans amounting to respectively € 60 million and € 27 million.

5.27 Net insurance claims and benefits

Net insurance claims and benefits can be summarized as follows:

Total Non-life and Life	2015	2014	2013
Insurance claims and benefits	−5,541	−5,197	−5,113
Insurance claims and benefits recovered from reinsurers	291	100	110
Net insurance claims and benefits	**−5,250**	**−5,097**	**−5,003**

5.27 Net insurance claims and benefits (Continued)

Non-life	2015	2014	2013
Claims paid	−1,714	−1,659	−1,705
Change in provision for outstanding claims	−31	−92	−217
Amortization of VOBA (chapter 5.7)	—	—	−1
Insurance claims and benefits	**−1,745**	**−1,751**	**−1,923**
Insurance claims and benefits recovered from reinsurers	79	92	96
Net insurance claims and benefits, Non-life	**−1,666**	**−1,659**	**−1,827**

Life	2015	2014	2013
Claims paid	−2,414	−2,274	−2,848
Changes in liabilities arising from insurance contracts	−1,212	−355	−237
Changes in liabilities arising from insurance contracts on behalf of policyholders	−156	−798	−86
Amortization of VOBA (chapter 5.7)	−14	−19	−19
Insurance claims and benefits	**−3,796**	**−3,446**	**−3,190**
Insurance claims and benefits recovered from reinsurers	212	8	14
Net insurance claims and benefits, Life	**−3,584**	**−3,438**	**−3,176**

5.28 Operating expenses

Operating expenses can be broken down as follows:

	2015	2014	2013
Salaries and wages	−213	−219	−225
Social security contributions	−28	−30	−28
Employee benefit charges	−46	−34	−36
Employee discounts	—	−1	−8
Other short-term employee benefits	−6	−6	8
Total cost of own staff	**−293**	**−290**	**−289**
Cost of external staff	−79	−62	−58
Consultancy costs and fees	−99	−73	−75
Marketing, advertising and public relations expenses	−16	−8	−21
Technology and system costs	−48	−46	−39
Amortization of other intangible assets (chapter 5.7)	−1	−1	—
Depreciation of property, plant and equipment (chapter 5.8)	−10	−9	−9
Other operating expenses	−29	−35	−38
Total other operating expenses	**−282**	**−234**	**−240**
Total operating expenses	**−575**	**−524**	**−529**

Operating expenses 2015 increased to € 575 million (2014: € 524 million; 2013: € 529 million), primarily due to acquisitions (see chapter 5.35), acquisition costs for these activities, regulatory changes (i.e. Solvency II) and costs incurred for the preparation of the potential privatization.

5.28 Operating expenses (Continued)

Other operating expenses include travel and subsistence, telephone and personnel training expenses. The segmentation of a.s.r.'s workforce was as follows at 31 December:

Segments	2015	2014	2013
Non-life	1,260	1,210	1,151
Life	620	615	644
Banking and Asset Management	212	174	171
Distribution and Services	517	218	224
Holding and Other	1,610	1,826	1,919
Real Estate Development	29	42	55
Total employees	**4,248**	**4,085**	**4,164**

As a result of new activities the total work force increased by 4.00% to 4,248 FTE (2014: 4,085 FTE; 2013: 4,164 FTE). The 'total work force' consists of the number of internal and external FTEs. The number of internal FTE increased by 3.9% to 3,650 FTE (2014: 3,513 FTE; 2013: 3,789 FTE) due to acquisitions (+ 344 FTE), offset by a decrease of 207 FTE as a result of continuing cost-cutting programmes. The number of external FTE increased to 598 FTE (2014: 572 FTE; 2013: 375 FTE) due to several strategic projects in 2015.

In the presentation of the a.s.r.'s workforce per segment employees related to administrative expenses and overheads are allocated to segment Holding and Other.

5.29 Impairments

The table below is a summary of impairments:

	2015	2014	2013
Intangible assets	—	−93	−3
Property, plant and equipment (chapter 5.8)	5	3	−21
Associates and joint ventures (chapter 5.10)	−3	—	−5
Investments available for sale (chapter 5.11.1)	14	7	32
Loans and receivables (chapter 5.11.3)	13	−18	−42
Total impairments	**29**	**−101**	**−39**

In 2014 an additional amortization has been recognized of € 93 million relating to the Amersfoortse Stad Rotterdam unit linked portfolio (see also chapter 5.7).

Changes in impairments of investments available for sale can be broken down as follows:

	2015	2014	2013
Equities	−5	−26	−14
Bonds	−7	−8	−7
Reversal of collateralized debt obligations	25	30	18
Reversal of impairments on bonds	1	11	35
Total impairments in investments	**14**	**7**	**32**

5.30 Interest expense

The table below is a breakdown of the interest expense:

	2015	2014	2013
Interest on employee benefits	−61	−92	−96
Interest on derivatives	−150	−179	−214
Interest owed to banks	−9	−10	−11
Interest owed to customers	−14	−13	−11
Interest on subordinated liabilities	−7	—	—
Interest on borrowings	−2	−3	−4
Other interest expenses	—	−18	−21
Total interest expenses	**−243**	**−315**	**−357**

5.31 Other expenses

	2015	2014	2013
Costs associated with sale of development property	−134	−105	−189
Operation and depreciation of investment property	−28	−26	−25
Other expenses	−80	−57	−35
Total other expenses	**−242**	**−188**	**−249**

The costs associated with sale of development property include an amount of € 91 million (2014: € 19 million, 2013: € 64 million) related to provisions recognized for possible future loss related to land and property development projects held as other assets.

5.32 Income tax expense

The income tax expense can be broken down as follows:

	2015	2014	2013
Current tax for financial year	−453	−209	−252
Current taxes referring to previous periods	32	19	−79
Total current tax	**−421**	**−190**	**−331**
Deferred tax for financial year	271	78	257
Previously unrecognized tax losses, tax credits and other temporary differences that reduce deferred tax expense	—	4	—
Total deferred tax	**271**	**82**	**257**
Income tax expenses	**−150**	**−108**	**−74**

The table below shows a reconciliation of the expected income tax expense with the actual income tax expense. The expected income tax expense is determined by applying the tax rate in the Netherlands to the

profit before tax in 2015, this rate was 25.0% (2014: 25.0%; 2013: 25.0%). The enacted tax rate for 2016 will be 25.0%.

	2015	2014	2013
Profit before tax	780	534	317
Current tax rates	25%	25%	25%
Expected income tax expense	**−195**	**−134**	**−79**
Effects of:			
Tax-exempt interest	6	6	5
Tax-exempt dividends	4	4	8
Tax-exempt capital gains	22	15	5
Changes in impairments	−1	−5	−16
Adjustments for taxes due on previous financial years	36	7	4
Other effects	−22	−1	−1
Income tax expenses	**−150**	**−108**	**−74**

The profit is almost entirely earned and taxable in the Netherlands. The effective income tax rate is 19% (2014: 20%; 2013: 23%).

Adjustments for taxes due on previous financial years amounting to € 36 million (2014: € 7 million; 2013: € 4 million), is mainly related to foreign withholding taxes and a release of a provision relating to income derived from investment on behalf of policyholders to which the participation exemption was applied.

5.33 Related party transactions

A related party is a person or entity that has significant influence over another entity, or has the ability to affect the financial and operating policies of the other party. Parties related to a.s.r. include NLFI and the Dutch State with control, associates, joint ventures, members of the Executive Board, members of the Supervisory Board, close family members of any person referred to above, entities controlled or significantly influenced by any person referred to above and any other affiliated entity. a.s.r. has applied the partial exemption for government-related entities.

The group regularly enters into transactions with related parties during the conduct of its business. These transactions mainly involve loans, deposits, commissions and reinsurance contracts, and are conducted on terms equivalent to those that prevail in arm's length transactions.

The remuneration of the a.s.r. Executive Board and Supervisory Board are described in chapter 5.34 (Remuneration of the a.s.r. Executive Board and Supervisory Board).

Positions and transactions between a.s.r., associates, joint ventures and other related parties.

The table below shows the financial scope of a.s.r.'s related party transactions:

- associates;
- joint ventures (and real estate development joint ventures);

5.33 Related party transactions (Continued)

• other related parties.

2015	Associates	Joint ventures	Other related parties	Total
Balance sheet items with related parties as at 31 December				
Associates	19	1	—	20
Loans and receivables	6	4	2	12
Assets held for sale	—	15	—	15
Other assets	14	—	—	14
Other liabilities	17	—	—	17
Transactions in the income statement for the financial year				
Interest income	1	—	—	1
Interest expense	—	—	—	—

2014	Associates	Joint ventures	Other related parties	Total
Balance sheet items with related parties as at 31 December				
Associates	15	27	—	42
Loans and receivables	5	—	2	7
Other assets	5	—	—	5
Other liabilities	1	—	—	1
Transactions in the income statement for the financial year				
Interest income	1	—	—	1
Interest expense	—	—	—	—

2013	Associates	Joint ventures	Other related parties	Total
Balance sheet items with related parties as at 31 December				
Associates	15	27	—	42
Loans and receivables	14	—	2	16
Other assets	13	—	—	13
Other liabilities	2	—	—	2
Transactions in the income statement for the financial year				
Interest income	1	—	—	1
Interest expense	—	—	—	—

Provisions for impairment amounting to € 1 million (2014: € 1 million; 2013: € 5 million) have been recognized on the loans and receivables.

NLFI holds a total voting interest of 100% in a.s.r. As sole holder of all issued exchangeable depositary receipts, the Dutch State holds an equal indirect interest in a.s.r. NLFI is responsible for managing the shares and exercising all rights associated with these shares under Dutch law, including voting rights. However, material or principal decisions require the prior approval of the Dutch Minister of Finance, who will also be able to provide binding voting instructions with respect to such decisions.

NLFI's objectives exclude disposing of or encumbering the shares, except pursuant to an authorization from and on behalf of the Dutch Minister of Finance.

In addition to the dividend paid and the discretionary interest to holders of equity instruments amounting to € 139 million (2014: € 99 million; 2013: € 88 million) and € 45 million (2014: € 108 million; 2013: € 44 million) respectively a.s.r. incurred expenses on behalf of NLFI amounting to € 2 million (2014: € 5 million; 2013: € 4 million) including for strategic expenses related to the possible privatization.

5.33 Related party transactions (Continued)

Mortgage loans to the Executive Board can be broken down as follows:

Amounts in € thousands Executive directors	Outstanding			Average interest %			Settlement		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
J.P.M. Baeten	624	661	691	3.2%	3.2%	3.2%	37	30	44
M.H. Verwoest	878	856	500	3.3%	3.1%	3.5%	8	—	—
Total	**1,502**	**1,517**	**1,191**	**—**	**—**	**—**	**45**	**30**	**44**

These mortgage loans held by the members of the Executive Board have been issued based on current employee conditions. The normal employee conditions include limits and thresholds to the amounts that qualify for a personnel interest-rate discount. For mortgage loans higher than € 340 thousand arm's length conditions apply.

The insurance contracts held by the members of the Executive Board are subject to the normal employee conditions.

5.34 Remuneration of Supervisory Board and Executive Board

The remuneration policy of the Executive and Supervisory Board members is determined in accordance with the current Articles of Association of ASR Nederland N.V.

5.34.1 Remuneration of Supervisory Board members

The annual remuneration for members of the a.s.r. Supervisory Board is as follows:

Amounts in € thousands Supervisory Board member	2015			2014			2013		
	As a Supervisory Board member	As a committee member	Total	As a Supervisory Board member	As a committee member	Total	As a Supervisory Board member	As a committee member	Total
C. van der Pol	45	5	50	45	5	50	45	5	50
A.P. Aris	30	5	35	30	5	35	30	5	35
C.H. van den Bos(1)	30	14	44	30	14	44	30	14	44
M. Scheltema(1)(2)	20	9	29	30	14	44	30	14	44
Total	**125**	**33**	**158**	**135**	**38**	**173**	**135**	**38**	**173**

(1) The amount as a committee member also includes remuneration for services as supervisory Board member of ASR Bank N.V. amounting to € 4,000 per annum per Supervisory Board member.

(2) Term of service ended on 1 September 2015.

5.34.2 Remuneration of current and former Executive Board members

The remuneration of current and former Executive Board members is in accordance with the remuneration policy. This policy was approved by the shareholder.

In accordance with the remuneration law 'Wet aansprakelijkheidsbeperking DNB en AFM en bonusverbod staatsgesteunde ondernemingen', issued by the Dutch government, no variable remuneration has been disbursed to the Executive Board members for the period as from the 2011 a.s.r. financial year until and including the current 2015 a.s.r. financial year. In 2015 the fixed employee benefits of board members only increased with the annual CBA (CAO-index).

5.34 Remuneration of Supervisory Board and Executive Board (Continued)

The remuneration can be broken down as follows:

Amounts in € thousands Executive Board member	Fixed employee benefits[1]	Short-term variable employee benefits	Post-employment benefits	Pension benefits[2]	Expense allowance	Termination benefits	Long-term variable remuneration	Total
2015								
J.P.M. Baeten	533	—	—	287	3	—	—	823
H.C. Figee	424	—	—	64	3	—	—	491
K.T.V. Bergstein	405	—	—	139	3	—	—	547
M.H. Verwoest	412	—	—	132	3	—	—	547
Total	**1,774**	**—**	**—**	**622**	**12**	**—**	**—**	**2,408**
2014								
J.P.M. Baeten	524	—	—	212	5	—	—	741
R.T. Wijmenga*	270	—	—	97	4	246	9	626
H.C. Figee**	314	—	—	45	3	—	—	362
K.T.V. Bergstein	399	—	—	100	5	—	—	504
M.H. Verwoest	401	—	—	99	5	—	—	505
Total	**1,908**	**—**	**—**	**553**	**22**	**246**	**9**	**2,738**
2013								
J.P.M. Baeten	520	—	—	222	5	—	—	747
R.T. Wijmenga*	403	—	—	131	5	—	—	539
K.T.V. Bergstein	396	—	—	93	5	—	—	494
M.H. Verwoest	396	—	—	110	5	—	—	511
Total	**1,715**	**—**	**—**	**—**	**556**	**—**	**—**	**2,291**

(1) The fixed employee benefits of the three ordinary board members are similar and amounts to € 405k in 2015. Variations arise as a result of the fiscal treatment of lease cars depending on the price and private use of the car.

(2) No additional pension rights have been disbursed to the board members in 2015. The increase in annual pension expenses is attributable to a decrease in interest rates. The calculation of the annual pension expenses are based on the total granted pension rights during the term of service at a.s.r. Further changes in the cost of pension benefits are mainly the result of the impact of age, term of service, gender and age differentiated disability, mortality and other actuarial assumptions. The pension costs include pensions and VPL.

* Term of service ended on 31 August 2014. The termination benefit has been determined in 2014 in accordance with the Dutch Corporate Governance Code (article II.2.8) and contractual obligations and amounts to 8.5 months' salary.

** Joined a.s.r. on 1 April 2014.

5.35 Acquisitions

In 2015 a.s.r. concluded several acquisitions, which are in line with a.s.r.'s strategic focus in strengthening its position in the pension market, the funeral insurance market and the distribution and services market.

Life segment

De Eendragt Pensioen N.V.

In July 2015, ASR Nederland N.V. acquired 100% of the shares of De Eendragt Pensioen N.V. (De Eendragt). ASR Nederland N.V. plans to fully integrate the portfolio and activities of De Eendragt in due course. De Eendragt is a pension insurance company.

The total assets and total income for the year ending 31 December 2014 of De Eendragt as published in its consolidated financial statements amounted to € 1,823 million and € 44 million respectively. De Eendragt is consolidated within the Life segment as of 17 July 2015.

5.35 Acquisitions (Continued)

Axent Nabestaanden Zorg N.V.

In August 2015, ASR Levensverzekering N.V. acquired 100% of the shares of Axent Nabestaanden Zorg N.V. and its subsidiaries (AXENT). ASR Levensverzekering N.V. plans to fully integrate the portfolio and activities of AXENT into the operations of Ardanta, an a.s.r. business line, in due course. AXENT is a Dutch insurance company focusing on funeral insurance with a portfolio of 2.2 million term insurance policies.

The total assets and total income for the year ending 31 December 2014 of AXENT as published in its consolidated financial statements amounted to € 1,815 million and € 55 million respectively. AXENT is consolidated within the Life segment as of 25 August 2015.

The balance sheet for the Life segment is as follows:

		Acquired date
	Balance sheet based on acquiree's policies	Balance sheet based on a.s.r. policies
Investments	3,294	3,294
Investments on behalf of policyholders	74	74
Loans and receivables	5	5
Deferred tax assets	110	5
Other assets	5	21
Cash and cash equivalents	43	42
Total assets	**3,531**	**3,441**
Liabilities arising from insurance contracts	3,071	3,170
Liabilities arising from insurance contracts on behalf of policyholders	74	74
Employee benefits	—	14
Deferred tax liabilities	118	−9
Due to customers	28	28
Other liabilities	21	22
Total liabilities	**3,312**	**3,299**
Net assets and liabilities	**219**	**142**
Less Consideration paid		170
Goodwill		**28**

Cash and cash equivalents related to acquisitions	Acquired date
Consideration paid	−170
Acquired cash and cash equivalents	41
Increase/(decrease) in cash and cash equivalents through acquisition	−129

As a result the impact of both acquisitions on the Life segment balance sheet and income statement for the period ended 31 December 2015 is € 3,556 million and € 7 million loss respectively.

Distribution and Services segment

Van Kampen Group Holding BV

In January 2015, ASR Deelnemingen N.V. acquired 100% of the shares of Van Kampen Groep Holding B.V. and its subsidiaries (VKG). VKG handles the administration for more than half of all insurance intermediaries in the Netherlands. VKG supports both the consultant and insurers as a financial service or full-service provider with 137 employees.

The total assets and total income for the year ending 31 December 2014 of VKG as published in its consolidated financial statements amounted to € 22 million and € 17 million respectively. VKG is consolidated within Distribution and Services segment as of 22 January 2015.

5.35 Acquisitions (Continued)

Dutch ID B.V.

In November 2015 ASR Deelnemingen N.V. acquired 100% of the shares of Dutch ID B.V. and its subsidiaries (Dutch ID). Dutch ID is the holding company of Boval Group and Felison Assuradeuren. Boval is an independent consultancy and financial services broker and Felison Assuradeuren is a service provider.

Dutch ID is consolidated within the Distribution and Services segment as of 19 November 2015.

The balance sheet for the Distribution and Services segment is as follows:

		Acquired date
	Balance sheet based on acquiree's policies	Balance sheet based on a.s.r. policies
Intangible assets	40	40
Property, plant and equipment	5	4
Investment property	1	1
Loans and receivables	13	13
Other assets	1	1
Cash and cash equivalents	6	6
Total assets	**66**	**65**
Employee benefits	0	2
Deferred tax liabilities	−0	−1
Due to customers	5	5
Due to banks	1	1
Other liabilities	9	12
Total liabilities	**15**	**19**
Net assets and liabilities	51	46
Less Consideration paid and deferred consideration		126
Goodwill		80

Cash and cash equivalents related to acquisitions	Acquired date
Consideration paid	−123
Deferred consideration	−3
Acquired cash and cash equivalents	7
Increase/(decrease) in cash and cash equivalents through acquisition	−119

Over the course of the next three years, an amount of € 1 million per year, will be paid related to the acquisition of Dutch ID.

The acquisitions contributed revenue of € 59 million and loss of € 5 million to a.s.r.'s results from the respective acquisition date. If the acquisitions for the Life segment had occurred on 1 January 2015, management estimates that consolidated revenue would have been € 95 million. For the Distribution and Service segment, if the acquisitions had occurred on 1 January 2015, the consolidated profit would have been € 22 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2015.

5.35 Acquisitions (Continued)

Goodwill is recognized as the difference between the consideration paid and the fair value of the net assets and liabilities upon acquisition date (see chapter 5.7). In accordance with the applicable reporting standards, the final acquisition balance sheet will be drawn up within 12 months of the acquisition. No significant differences compared with the provisional balance sheet are expected.

As a result the impact of both acquisitions on the Distribution and Services segment balance sheet and income statement for the period ended 31 December 2015 is € 69 million and € 2 million profit respectively.

5.36 Discontinued operations and assets held for sale and related liabilities

At the end of 2015 the real estate development activities were legally divided into ASR Vastgoed Ontwikkeling N.V. and ASR Vastgoed Projecten B.V. The Executive Board has decided to look for a strategic buyer for the discontinued part and therefore classify most of its real estate development business as 'held for sale'. The activities undertaken by ASR Vastgoed Ontwikkeling N.V. were considered as discontinued operations and the activities of ASR Vastgoed Projecten B.V. are partially considered as continuing and partially as discontinuing activities. With this in mind, the discontinuing operations are recognized as held for sale in the balance sheet. As a consequence, the financial results of the discontinuing real estate development business are disclosed in condensed form in the income statement. Its financial performance is not part of the profit before tax from continuing operations.

As part of a drive to focus more on core activities, B.V. Nederlandse Hulpverleningsorganisatie-SOS International is classified as 'discontinued operations' in 2015. As a consequence, the financial results of SOS International are disclosed in condensed form in the income statement. With this in mind, the operations are recognized as held for sale in the balance sheet. Its financial performance is not part of the profit before tax from continuing operations.

The results of the discontinued operations are as follows:

	31 December 2015	31 December 2014	31 December 2013
Total Income	38	25	23
Total Expense	−71	−30	−24
Result before tax	**−33**	**−5**	**−1**
Income tax (expense)/gain	7	—	—
Result for the period	**−26**	**−5**	**−1**

The loss of the discontinued operations increased from € 1 million in 2013 to € 26 million in 2015. As a result of the classification as 'held for sale', a.s.r. reduced the measurement of the assets by € 38 million to their net realizable value. In addition, the real estate development business formed provisions for specific projects.

As at 31 December 2015, the assets and liabilities held for sale can be summarized as follows:

	31 December 2015
Intangible assets	1
Associates and joint ventures	8
Loans and receivables	17
Deferred tax assets	7
Other assets	42
Cash and cash equivalents	3
Total assets held for sale	**78**
Provisions	12
Borrowings	11
Deferred tax liabilities	1
Other liabilities	14
Total liabilities relating to assets held for sale	**38**

5.36 Discontinued operations and assets held for sale and related liabilities (Continued)

An impairment loss of € 29 million writing down the carrying amount of the disposal group to its fair value less cost to sell has been included in the discontinued operation total expenses. The related income tax gain is € 7 million.

	31 December 2015
Cash and cash equivalents as at 1 January	12
Cash flows from operating activities	−7
Cash flows from investing activities	−2
Cash flows from financing activities	—
Cash and cash equivalents as at 31 December	**3**

5.37 Contingent liabilities and assets

5.37.1 Claims and disputes

The group is a respondent in a number of claims, or a potential claim, disputes and legal proceedings arising from the normal conduct of business. With respect to the potential claim, giving the timing and complexity, it is currently not possible to reliably estimate a provision.

Provisions are formed for such occurrences if, in management's opinion and after consultation with its legal advisors, a.s.r. is likely to have to make payments and the payable amount can be estimated with sufficient reliability. The costs of the compensation scheme for unit-linked insurance contracts have been fully recognized in the financial statements based on management's best knowledge of current facts, actions, claims, complaints and events. Provisions are recognized in the liabilities arising from insurance contracts and legal provisions (see chapter 5.16).

Dutch insurers see an increase in insurance policies complaints/ claims based on grounds other than the cost compensation.

Current and possible future legal proceedings could have a substantial financial and reputational impact. However it is not possible at this time to make reliable estimates of the number of expected proceedings, possible future precedents and the financial impact of current and possible future proceedings.

Currently there are no indications that such a provision would be necessary for a.s.r.

As for other claims and legal proceedings, including related to employee-benefits, against a.s.r. known to management (and for which, in accordance with the defined principles, no provision has been formed), management feels, after having sought expert advice, that these claims have no chance of success, or that a.s.r. can successfully mount a defence against them, or that the outcome of the proceedings is unlikely to result in a significant loss for a.s.r.

5.37.2 Investment obligations and guarantees

Investment obligations for an amount of € 133 million (2014: € 87 million; 2013: € 261 million) and guarantees to third parties for a total amount of € 330 million (2014: € 330 million; 2013: € 330 million) have been assumed/issued for investment property. These guarantees expire on 30 june 2016.

Investment obligations and guarantees to third parties for a total amount of € 422 million (2014: € 429 million; 2013: € 465 million) have been issued for real estate development projects and the acquisition of property. Those guarantees were issued by principals for the execution of projects for the benefit of clients.

5.37 Contingent liabilities and assets (Continued)

5.37.3 Lease commitments

The table below breaks down the commitments for non-cancellable operating leases as at 31 December:

Lease commitments	2015	2014	2013
No later than 3 months	1	1	1
Later than 3 months and no later than 1 year	3	3	4
Later than 1 year and no later than 5 years	9	6	7
Later than 5 years	—	—	—
Total	**13**	**10**	**12**

Other commitments have been entered into primarily for facility and ICT contract related to an amount of € 78 million (2014: € 27 million; 2013: € 23 million).

Annual lease costs	2015	2014	2013
Lease payments	**7**	**6**	**6**

5.37.4 Expected future rental income

The table below breaks down the expected future rental income on investment property lease as at 31 December:

	2015	2014	2013
No later than 1 year	112	110	107
Later than 1 year and no later than 5 years	311	279	260
Later than 5 years	136	131	122
Total	**559**	**520**	**489**

The investments properties in the different markets retail, residential, offices and rural are leased to third parties, consisting of various lease terms in a range between shorter than one year and undetermined period with competitive rents mostly indexed to consumer prices.

5.38 General information

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

ASR Nederland N.V. and its group companies ('a.s.r.' or 'the group') have a total of 3,650 FTE's internal employees (2014: 3,513; 2013: 3,789) and is a leading insurance company in the Netherlands.

The financial statements for 2015 were approved by the Supervisory Board on 4 April 2016 and will be presented to the Annual General Meeting of Shareholders for adoption. The Executive Board released the financial statements for publication on 14 April 2016.

5.39 List of principal group companies and associates

Company name	Equity interest	Rate of controle	Seat	Segment
ASR Aanvullende Ziektekostenverzekeringen N.V.[1][2]	100.00	100.00	Amersfoort	Non-life
ASR Basis Ziektekostenverzekeringen N.V.[1][2]	100.00	100.00	Amersfoort	Non-life
ASR Schadeverzekering N.V.[1][2]	100.00	100.00	Utrecht	Non-life
ASR Ziektekostenverzekeringen N.V.[1]	100.00	100.00	Amersfoort	Non-life
ASR Wlz-uitvoerder B.V.[2]	100.00	100.00	Utrecht	Non-life
Europeesche Verzekering Maatschappij N.V.[2]	100.00	100.00	Amsterdam	Non-life
N.V. Amersfoortse Algemene Verzekering Maatschappij[1][2]	100.00	100.00	Amersfoort	Non-life
ASR Nederland Vastgoed Maatschappij N.V.[1]	100.00	100.00	Utrecht	Life / Non-life
ASR Levensverzekering N.V.[1][2]	100.00	100.00	Utrecht	Life
Axent NabestaandenZorg.N.V.[2]	100.00	100.00	Groningen	Life
Deltafort Beleggingen I B.V.	50.00	50.00	Amsterdam	Life
De Eendragt Pensioen N.V.[2]	100.00	100.00	Amsterdam	Life
Sycamore 5 B.V.[1]	100.00	100.00	Utrecht	Life
Sycamore 6 B.V.[1]	100.00	100.00	Utrecht	Life
ASR Bank N.V.[3]	100.00	100.00	Utrecht	Banking and Asset Management
ASR Hypotheken B.V.[1]	100.00	100.00	Utrecht	Banking and Asset Management
ASR Nederland Beleggingsbeheer N.V.[3]	100.00	100.00	Utrecht	Banking and Asset Management
ASR Vastgoed Vermogensbeheer B.V.[1][3]	100.00	100.00	Utrecht	Banking and Asset Management
B.V. Nederlandse Hulpverleningsorganisatie-SOS International[4]	100.00	100.00	Amsterdam	Distribution and Services
Dutch ID B.V.	100.00	100.00	Amsterdam	Distribution and Services
Felison Assuradeuren B.V.[3]	100.00	100.00	Velsen	Distribution and Services
Boval Assurantiën B.V.[3]	100.00	100.00	Badhoevedorp	Distribution and Services
Boval Flexis Pensioen B.V.[3]	50.00	50.00	Zoetermeer	Distribution and Services
Het AssuradeurenHuys B.V.[3]	100.00	100.00	Haarlem	Distribution and Services
PoliService B.V.[3]	100.00	100.00	Zeist	Distribution and Services
Van Kampen Groep Holding B.V.[3]	100.00	100.00	Purmerend	Distribution and Services
Brand New Day Premiepensioeninstelling N.V.[3][7]	55.00	55.00	Amsterdam	Holding and Other
ASAM N.V.[1]	100.00	100.00	Utrecht	Holding and Other
ASR Deelnemingen N.V.[1]	100.00	100.00	Rotterdam	Holding and Other
ASR Nederland N.V.	100.00	100.00	Utrecht	Holding and Other
ASR Pension Fund Services N.V.[1]	100.00	100.00	Utrecht	Holding and Other
ASR Service Maatschappij N.V.[1]	100.00	100.00	Rotterdam	Holding and Other
ASR Betalingscentrum B.V.[1]	100.00	100.00	Utrecht	Holding and Other
Administratie- en Adviesbureau voor Belegging en Krediet (A.B.K.) B.V.[1]	100.00	100.00	Amersfoort	Holding and Other
ASR Vastgoed Projecten B.V.[5]	100.00	100.00	Utrecht	Real Estate Development
ASR Vastgoed Ontwikkeling N.V.[6]	100.00	100.00	Utrecht	Real Estate Development

(1) These are companies for which a statement of joint and several liability under section 403, Book 2 of the Netherlands Civil Code has been issued.

(2) Registered insurance companies.

(3) Other Wft registered companies.

(4) Discontinued operations. These activities were sold in January 2016.

(5) Activities are divided into continuing activities and discontinuing activities.

(6) Discontinued operations.

(7) Joint venture.

The principal group companies and associates are located in the Netherlands.

5.39 List of principal group companies and associates (Continued)

For notes to equity interests in associates and joint ventures, see chapter 5.10. The list of equity interests which are required under Sections 379 and 414, Book 2 of the Netherlands Civil Code has been filed with the Trade Register of the Chamber of Commerce in Utrecht.

Utrecht, 4 April 2016

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

Executive Board
Jos Baeten
Karin Bergstein
Chris Figee
Michel
Verwoest

Independent auditor's report

To: the General Meeting and the Supervisory Board of ASR Nederland N.V.

Report on the audit of the annual financial statements 2015

Opinion

In our opinion:

- the consolidated financial statements give a true and fair view of the financial position of ASR Nederland N.V. as at 31 December 2015, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Netherlands Civil Code;
- the company financial statements give a true and fair view of the financial position of ASR Nederland N.V. as at 31 December 2015, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

What we have audited

We have audited the financial statements 2015 of ASR Nederland N.V., based in Utrecht. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

(1) the consolidated balance sheet as at 31 December 2015;

(2) the following consolidated statements for the year then ended: the income statement, the statements of comprehensive income, changes in equity and cash flows; and

(3) the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

(1) the company balance sheet as at 31 December 2015;

(2) the company income statement for the year then ended; and

(3) the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

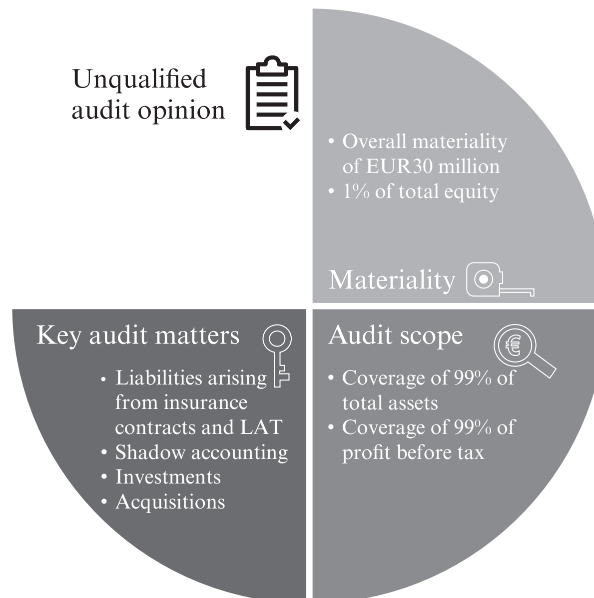
We are independent of ASR Nederland N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

KPMG Accountants N.V., registered with the trade register in the Netherlands under number 33263683, is a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Audit approach

Summary



Materiality

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the financial statements as a whole at EUR 30 million (2014: EUR 30 million). The materiality is determined with reference to a benchmark of total equity (approximately 2015: 1%; 2014: 1%), which bases is essential for determining the financial position of the Company. Due to the long-term insurance liabilities and the related solvency requirements we consider total equity the most suitable metric for the financial position of the Company. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the Supervisory Board that misstatements in excess of EUR 1.5 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

ASR Nederland N.V. is head of a group of entities. The financial information of this group is included in the consolidated financial statements of ASR Nederland N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We included all insurance and bank entities in the audit scope for consolidation purposes, resulting in a coverage of 99% of total assets and 99% of profit before tax.

We have:

- used the work of other auditors performing specific audit procedures regarding the Liabilities arising from insurance contracts at entity Axent NabestaandenZorg N.V.;
- performed specific audit procedures regarding the Liabilities arising from insurance contracts at entity De Eendragt Pensioen N.V.
- performed audit procedures ourselves at group level and at other group entities.

We performed for the remaining entities, amongst others, analytical procedures to corroborate our assessment that there are no significant risks of material misstatement.

The group audit team provided instructions to other auditor's, covering the significant audit areas, including the relevant risks of material misstatement, and set out the information required to be reported back to the group audit team. The findings and observations as reported were discussed in more detail and file reviews were performed for the most significant group entities.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Liabilities arising from insurance contracts and liability adequacy test (LAT)

Description

The calculation of the Liabilities arising from insurance contracts and the related Liability Adequacy Test (LAT) is complex and highly judgmental and is based on assumptions which are affected by (future) economic, demographic and political conditions. The assumptions used relate to risks regarding interest, mortality, longevity, morbidity, catastrophe, lapse and expense. Also the cost compensation for unit-linked insurance contracts impacts the valuation of the Liabilities arising from insurance contracts and the related LAT. Furthermore, the valuation of the Liabilities arising from insurance contracts is affected by and sensitive to government regulations, in particular regarding the claims from workers'' compensations insurance (WGA-ER) and in the healthcare insurance domain.

The assumptions require significant Executive Board's judgment. The company has comprehensive procedures and internal controls in place to determine the value of the Liabilities arising from insurance contracts and the related LAT (see notes 5.2.2.J, 5.3.6 and 5.16). The Test margin, as an outcome of the LAT, is taken into account for the calculation of the available solvency (see note 5.4.2).

In line with laws and regulation, the discount rate used for the LAT includes the Ultimate Forward Rate (UFR). As disclosed in note 5.4.2 the UFR has a significant impact on the LAT and the available solvency of the company

Our response

We tested the internal controls regarding the determination of the Liabilities arising from insurance contracts and the LAT. Furthermore we challenged the assumptions used for the Liabilities arising from insurance contracts and the LAT, based on market observable data and actuarial analysis of the technical results during the year. We discussed the outcome of the internally prepared analysis with the internal

actuaries and the external (certifying) actuaries, making use of our own actuarial experts. Furthermore we checked the adequacy of disclosure of the Liabilities arising from insurance contracts and the related risks and assumptions.

Our observation

We found that the assumptions used and related estimates resulted in a cautious valuation of Liabilities arising from insurance contracts.

Shadow accounting

Description

The company applies shadow accounting in its financial reporting as disclosed in note 5.2.2.J. As a result (un)realized results on fixed income investments, interest derivatives and inflation rate swaps, held to reduce the interest risk and inflation risk in the Liabilities arising from insurance contracts, are not recognized in Equity or Income but are transferred to the Liabilities arising from insurance contracts. Shadow accounting is complex, requires significant Executive Board's judgment regarding results that apply for shadow accounting and has a significant impact on the Liabilities arising from insurance contracts. The company has comprehensive procedures and internal controls in place to determine the shadow accounting. In relation to shadow accounting also the impact on the provisioning for Employee benefits is of importance. In the financial statements, the company is accounting for Employee benefits based on IAS19 as disclosed in note 5.2.2.L. The underlying pension contract for own employees is administrated by the consolidated group company ASR Levensverzekering N.V. which results in a not qualifying plan asset according to IAS19. However, due to the overlay interest hedging strategy of the company, swaps and swaptions are not specifically allocated to the pension contract for own employees. Therefore the (un)realized gains and losses from swaps and swaptions as a whole are accounted for in Liabilities arising from insurance contracts, based on the shadow accounting policy of the company, whereas the impact of changes in interest rates on the provisioning for Employee benefits based on IAS19 is part of actuarial gains and losses that are recognized in equity (see note 5.17.1).

Our response

We tested the internal controls regarding the accounting of the (un)realized results on the fixed income investments, interest derivatives and inflation rate swaps, held to reduce the interest risk and inflation risk in the Liabilities arising from insurance contracts and relating shadow accounting adjustments including the appropriate elimination of impairment results on the fixed income investments that do not apply for shadow accounting. Furthermore we tested the application of shadow accounting by checking the reconciliations between (un)realized results on swaps and swaptions and the relating shadow accounting adjustment in the Liabilities arising from insurance contracts and the accounting on the provisioning for Employee benefits based on IAS 19.

Our observation

We found that shadow accounting is consistently applied by the company and that the shadow accounting methodology contributes to the cautious provisioning for the Liabilities arising from insurance contracts.

Investments

Description

The company invests in various asset classes, of which 79% is carried at fair value in the balance sheet. The breakdown of financial assets and liabilities measured at fair value into their fair value hierarchy is disclosed in note 5.6.1. As disclosed in note 5.2.1, in 2015 the company changed its accounting principles for Investment property and Property for own use also to fair value (see also note 5.6.3).

Fair value measurement can be a subjective area, especially for areas of the market reliant on model based valuations (Level 2 and Level 3) or with weak liquidity and price discovery. Valuation techniques for real estate, private equity investments and for non-listed bonds, equities or derivatives can be subjective in nature and involve various assumptions regarding pricing factors. The use of different valuation techniques and assumptions could produce significantly different estimates of fair value. The associated risk management disclosure is dependent on high quality interpretation of the available data.

The valuation of investments require significant Executive Board's judgment. The company has comprehensive procedures and internal controls in place to determine the valuation of the investments.

Our response

We tested the internal controls over valuation, independent price verification and model approval. We performed additional procedures for areas of higher risk and estimation with the assistance of our valuation specialists. This included, where relevant, comparison of judgements made to current market practice and re-performance of valuations on a sample basis. We also assessed the impact of other sources of fair value information including gains or losses on disposal. Finally, we tested the controls over related disclosures including the Risk management disclosures (in note 5.3.4 and 5.3.5) and fair value hierarchy in note 5.6.1.

Our observation

We found that the assumptions and models used resulted in a balanced valuation of investments. We found that the disclosures regarding the change in accounting principles as disclosed in note 5.2.1 are in conformity with IAS8.

Acquisitions

Description

The company engaged in several acquisitions during the financial year. Acquisitions have been disclosed in note 5.35. The accounting treatment for Acquisitions is complex and requires significant Executive Board's judgment regarding:

- the timing of obtaining control;
- adjustments to the fair value of assets and liabilities acquired as part of the acquisition and the fair valuation of previously unrecognised identifiable intangible assets, including goodwill (purchase price allocation);
- subsequent consideration of impairment of these assets.

The company has used several financial and legal experts to determine the valuation of the asset and liabilities acquired and the accounting treatment for those acquisitions.

Our response

We assessed the timing of obtaining control by testing the analysis made by the company based on the underlying contractual arrangements. We tested the fair value of tangible assets and liabilities acquired including the adjustments to fair value made on initial recognition to adhere to the company's accounting policies. For the calculation of Liabilities arising from insurance contracts we made use of the work of external actuaries. Furthermore we tested the calculation of goodwill as the difference between the fair value of the assets and liabilities and the consideration paid.

We assessed the adequacy of the disclosure on the acquisitions as set out in note 5.35.

Our observation

We found that the acquisitions have been accounted in accordance with IFRS 3.

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

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

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting

unless the Executive Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Executive Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

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

Our responsibilities for the audit of financial statements

Our objective is to plan and perform the audit to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud. For a further description of our responsibilities in respect of an audit of financial statements we refer to the website of the professional body for accountants in the Netherlands (NBA) *www.nba.nl/standardtexts-auditorsreport*.

Report on other legal and regulatory requirements

Report on the Report of the Executive Board and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Netherlands Civil Code (concerning our obligation to report about the Report of the Executive Board and other information):

- We have no deficiencies to report as a result of our examination whether the Report of the Executive Board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code, and whether the information as required by Part 9 of Book 2 of the Netherlands Civil Code has been annexed.
- We report that the Report of the Executive Board, to the extent we can assess, is consistent with the financial statements.

Engagement

We were appointed before 2003 for the first time as auditor of ASR Nederland N.V. and operated as auditor since then. We were re-appointed by the General Meeting as auditor of ASR Nederland N.V. on 16 April 2015, regarding the audit for year 2015. We will rotate off of the ASR Nederland N.V. audit for purpose of the 2016 annual accounts.

Utrecht, 4 April 2016

KPMG Accountants N.V.

W. Teeuwissen RA

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On behalf of
The Dutch State

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