Annual report 2015

24 February 2016

delta lloyd

1 OVERVIEW

1.1 About Delta Lloyd

Delta Lloyd provides life insurance, pensions, general insurance, asset management and banking products and services to 4.2 million customers in the Netherlands and Belgium. We use multiple channels to distribute our products and services under well-known and respected brands: Delta Lloyd, BeFrank, OHRA and ABN AMRO Insurance.

We have 4,130 full-time employees, of which 3,647 are in the Netherlands and 483 in Belgium.

Delta Lloyd is listed on Euronext Amsterdam and Brussels.

1.1.1 Our brands

In the Netherlands, we sell life and general insurance under the Delta Lloyd, OHRA and ABN AMRO labels, while BeFrank is a premium pension institution (PPI) that provides innovative group pensions at relatively low cost. OHRA insurance products are sold directly to consumers, while Delta Lloyd products and services are distributed through independent financial advisors, authorised agents and brokers. ABN AMRO insurance products are provided through our joint venture partner ABN AMRO bank.

In Belgium, we primarily sell Delta Lloyd life insurance through intermediaries such as insurance brokers, banks and specialist consultants.

1.1.2 Our products and services

Our life insurance products include pension products and administration services for group customers, and traditional and unit-linked life insurance, savings products and financial planning for individuals. Our broad range of general insurance coverage includes motor vehicles, fire, liability, income protection, and specialist areas such as marine and pleasure boats and offshore wind parks. Delta Lloyd and OHRA also distribute health insurance products underwritten by CZ.

Our Dutch banking activities mainly centre around mortgage loans, bank annuities, savings products and fund investments.

Delta Lloyd Asset Management independently manages and invests Delta Lloyd’s assets and those of our policy holders and it manages the investments of institutional and retail customers.

1.1.3 Our strategy

We want to create value for our stakeholders by providing reliable and highly valued financial services in the Netherlands and Belgium, with a focus on insurance. We believe we can do this by enhancing our understanding of customer needs and providing an excellent customer experience.

In 2015, we adopted our revised strategy that plays into long-term industry trends and the changing regulatory environment in which we operate. 'Closer to the customer' focuses on customer satisfaction and retention, technology, efficiency and a capital light business model. It is designed to enable us to grow in our core Dutch and Belgian markets, reduce costs and create value for all our stakeholders, including our shareholders. Our objective is to deliver customer-focused, profitable and capital-generative new business.

In this we will target 'value over volume' – stable and high margins rather than volume growth, unless it is value accretive over time. We are transitioning to a more fee-driven business model, such as the fees and commission generated from our asset management activities and BeFrank. We are focusing on lower risk, less volatile products with a relatively higher Solvency II risk-adjusted return, which generate capital and cash. For example, in Life insurance we are shifting towards capital-light products such as defined contribution pension schemes, premium pension institutions (PPI) and general pension funds (APF) in the Netherlands, and unit-linked and protection products in Belgium. The General insurance segment has a strong combined ratio that is consistently below the market average. These products generate capital and offer the Life business diversification benefits. In banking we will concentrate on bank annuities and mortgages with low loan-to-value and long fixed interest rate durations. Growth in assets under management will be important to support our future profitability.

'Closer to the customer' offers our customers convenient and sustainable financial solutions that help them manage uncertainty. It delivers tailored, customer-focused products and services through multiple distribution channels in the right way and at the right time.

To realise our strategy we have identified six enablers. These are:

- *Asset and liability management* is a key priority. Our asset management business has vital experience of evaluating risk-return ratios under Solvency II and of managing our own assets as well as attracting third-party assets, which will be a critical contributor to profitability as we move to fee-related products.

- *Risk and capital management*. A strong solvency position is essential, particularly under the new Solvency II regulatory regime. As part of this we will move towards a more fee-driven business model, particularly asset management, and focus on lower risk, less volatile products. We have shifted towards capital light life insurance products, such as defined contribution pension schemes. Cost reduction remains a priority, as does our commitment to operational excellence.
- *Analytics and innovation*. Data-driven decision-making will be crucial for successfully meeting customer needs. Innovation will help us fulfil those needs and enhance our multi-channel distribution. We aim to recognise good, innovative ideas in the market and implement them in our organisation.
- *Alliances and partnerships*. Critical scale in our core markets is necessary to operate efficiently and provide high service levels to our customers and distribution partners. Where we don’t yet have critical scale we will use our distribution networks and partner with others to offer our customers complementary products and services. An example of this is our distribution partnership with CZ for health insurance products.
- *Values and way of working*. We will become more agile and innovative and reduce the complexity of our operations. To this end we have integrated our commercial activities into our life insurance, general insurance and banking businesses, centralised functions such as brand, online and strategic marketing and integrated IT into each business segment to improve time-to-market and facilitate better cooperation.
- *Human capital:* We will strengthen our workforce planning to ensure our employees have competencies that are aligned with our strategy. It is essential to attract talent and to develop, empower and retain our employees.

2 DELTA LLOYD IN 2015

2.1 2015: a year of transition

Since it was founded in 1807, Delta Lloyd has faced many challenges and opportunities; 2015 was no exception. It was a difficult year, but also one in which we took important strides forward. To resolve a legal dispute with the DNB we accepted the court's ruling and decided not to lodge an appeal. As a consequence, our CFO and the chairman of the Supervisory Board decided to step down and we paid a fine of € 22.68 million. Developing the new Solvency II regulatory framework was a long and complex process. In the past year, we observed volatility in our Solvency II ratio, which was predominantly caused by adjustments to our Internal Model during the approval process. After a thorough independent analysis ordered by the Executive Board and discussions with the DNB, we determined it was necessary to withdraw the application for an Internal Model and focus on Solvency II capital reporting on the basis of the Standard Formula.

Capital position

Understandably, Delta Lloyd's good commercial and operational performance in 2015 was overshadowed by the attention to our capital position. Our share price plunged during the second half of 2015 and finished the year at € 5.45 – a 70% decrease on what it was at the end of 2014, when it closed at € 18.19. This profoundly negative impact was largely due to the way the markets reacted to the volatility of our Solvency II capital position in the second half, which caused concern among many of our shareholders. We decided to step up actions to reshape the business and implement Solvency II accretive measures. These included accelerating the shift toward lower risk, less volatile products and moving our investment portfolio towards higher Solvency II risk-adjusted returns and the generation of cash and capital in a Solvency II context.

We also made substantial progress in what was a transitional year for Delta Lloyd. Under the leadership of a new management team– a new chairman, chief financial officer and chief risk officer were appointed to the Executive Board – we improved risk awareness, compliance and internal governance, we revised our strategy, we continued to optimise the company's balance sheet, we addressed regulatory uncertainties and we implemented various Solvency II accretive measures, including a clearly defined set of near-term management actions.

Rights issue

Notwithstanding these actions, we concluded that the capital position of our holding company needed to be strengthened further. On 30 November, we announced an intended rights issue to raise additional equity capital. The rights issue is due to take place in the first quarter of 2016, subject to shareholder approval at an Extraordinary General Meeting on 16 March. Once this is complete, and along with the already completed management actions, we expect to reach a solvency position that can support our business model and give us a strong foundation from which we can face the future with confidence.

Closer to the customer

In 2015, we revised our strategy to play in to long-term trends such as the ageing population, technology and evolving customer preferences. The 'Closer to the customer' strategy (see section 1.1.3) emphasises an increased focus on customer satisfaction, technology, efficiency and a capital-light business model. Using data analysis to better understand our customers' wants and needs, innovation to develop the right products and services, strategic partnerships, outstanding service and simple, efficient processes, along with excellent risk and capital management, will help us grow in our core Dutch and Belgian markets and ultimately create long-term value for our customers, shareholders and other stakeholders.

Customers

Customer satisfaction remains high and Delta Lloyd remains the top choice for financial advisors, particularly our pension products. For the fourth consecutive year we achieved the highest intermediary satisfaction in the pensions market (7.6, which includes BeFrank and is on par with 2014) and Delta Lloyd ranked third in commercial General Insurance. Authorised agents (*Volmacht*) consider Delta Lloyd's service levels to be best in class in the Netherlands. Overall intermediary satisfaction improved to 7.3 (2014: 7.0) in 2015. The outcomes of the annual survey of pension insurers by IG&H Consulting found financial advisors and intermediaries most appreciate the way we manage our accounts and back-office processing of new policies and claims and our innovative and well-priced products.

To gain a better understanding of our customers' needs and requirements, we created the new business unit Customer, Brand & Digital, which stems from our 'Closer to the customer' strategy. This will allow us to respond faster and more efficiently to the needs of customers and to bring new products to the market quicker that offer them the right solutions at the right time.

2.2 Capital

Solvency II and Solvency II Standard Formula

As of 1 January 2016, we are required to comply with Solvency II, the new solvency framework and prudential supervisory regime. Until 31 December 2015, we had reported our solvency ratios based on the Insurance Group Directive (IGD), using the Solvency I framework. As the Solvency I ratio is no longer a regulatory measure as of 1 January 2016, we are providing it only to give context to our regulatory capital position immediately prior to entering the Solvency II regime. Although Delta Lloyd applied in 2015 to use a partial internal model, we decided, after thoroughly reviewing it in the third quarter, that it was necessary to withdraw the application. While we are working to improve our partial internal model, we have to report our regulatory capital numbers based on the more prescriptive Solvency II standard formula. Hence, the reported capital ratios since 1 January 2016, comply with the new Solvency II framework and are based on the latest interpretation of the standard formula rules and regulations and guidance disclosed by DNB and NBB.

As a result of these regulatory changes that took effect on 1 January 2016, the total eligible own funds increased from € 3.7 billion under Solvency I to € 3.9 billion under Solvency II, whereas the required capital increased from € 2.1 billion under Solvency I to € 3.0 billion under Solvency II.

At end 2015, the Solvency II Standard Formula (SF) ratio was 131%, compared to a Solvency II SF ratio of 136% at end of Q3. A number of planned management actions were executed (e.g. sale of commercial real estate and restructuring of the internal fee structure between Asset Management and the insurance entities) delivered a 7% points increase. On the other hand, DNB provided further guidance on LAC DT to the Dutch market for 2016 (excluding year end), which resulted in an impact of -2% points (subject to rights issue). Furthermore, DNB provided further guidance to Delta Lloyd to exclude the effects of credit institutions (Delta Lloyd Bank and the Van Lanschot holding) from the Solvency II capital ratio, which had a positive effect of 2% points. Asset and operational performance and some other smaller changes in methodology resulted in a 2% points increase in the fourth quarter. Adjustments were also made to the SF treatment of Delta Lloyd’s longevity hedge transactions entered into in 2014 and 2015. Following a report by DNB in December 2015, Delta Lloyd has excluded mitigating effects on the risk margin beyond the current contract duration of 8 years. This resulted in an impact on the Solvency II SF ratio of -14%-points compared to the Solvency II SF ratio at Q3 2015. Maintaining the risk margin benefit for a period up to 8 years is subject to a restructuring of the hedge to ensure reinsurance treatment – absent this there would be a further adverse impact of 7%-points. The current Solvency Capital Requirement (SCR) benefit is retained, subject to moving to a partial Internal Model by 2018.

IGD group solvency ratio

Despite positive net capital generation (+ 9pp) and the equity offering in March (+15pp), IGD group solvency decreased -6pp to 177%, compared to 183% at year-end 2014. The IGD available capital was affected by the cash dividend (-5pp). We recalibrated certain assumptions in our IGD calculation during 2015, including the internal asset management fees for our insurance entities and the mortgage valuation. These recalibrations impacted IGD group solvency (total effect of -15pp). Furthermore, the decision to switch to the Standard Formula impacted IGD capital due to the adjustment of the risk margin (-11pp), which used to be based on Internal Model capital.

At year-end 2015, the common equity Tier 1 ratio of Delta Lloyd Bank was 12.4% (year-end 2014: 13.6%). The ratios are on a Basel III phased-in basis.

Shareholders' funds

Shareholders' funds increased by 4% to € 2,569 million. This was mainly due to the positive net IFRS result and the equity offering of 19.9 million new ordinary shares (€ 337 million) in March, offset by the cash payment of final dividend for 2014 and interim dividend in 2015 (€ -113 million), and negative impact on available for sale (AFS) reserves.

2.3 Financial and operational performance

Our gross operational result increased to € 940 million (2014: € 618 million), supported by an improved Life technical result and lower costs of liabilities. The IFRS net result was € 128 million (2014: € 361 million), which includes the 'change in provision onerous contracts for subsidiaries sold' included in IFRS accounting under Operating expenses.

In 2015, operational expenses amounted to € 619 million (2014: € 605 million), which is in line with the target of € 620 million set for 2015. The increase of 2% compared to last year was mainly due to higher pension service costs.

2.3.1 Segments

Delta Lloyd is active in five segments: Life insurance, General insurance, Bank, Asset management and Corporate and other activities.

Life insurance

Life insurance did well commercially and operationally in 2015. The strong performance was driven by our margin over volume approach and growing demand for capital light defined contribution (DC) contracts in the Group Life market. New annualised premium income (NAPI) rose to € 432 million (2014: € 418 million), of which € 235 million originated from new DC contracts, € 103 million from DB contracts and € 93 million from new individual life contracts.

Gross operational result in the Life segment was up 61% to € 810 million (2014: € 502 million), supported by a higher technical result and an increase in investment spread mainly due to lower required interest.

Low interest rates are still a major challenge for Life insurers and continued to put pressure on profitability in this segment. In light of this – and the new solvency rules – we accelerated the shift toward lower risk, less volatile products, which resulted in a 15% increase in NAPI in DC in 2015. In Belgium, we continued to move away from guaranteed products towards unit-linked products, which saw an increase in gross written premiums from unit-linked products following a successful campaign.

Our premium pension institution BeFrank remains the PPI market leader in the collective pensions market with its innovative DC products. At year-end 2015, it had assets under management of € 618 million, compared to approximately € 400 million at end-2014.

The new business margin (NBM) for Life was 1.5% (2014: 3.0%). While the new DC products boosted the performance of our Dutch DC portfolio, which had a new business margin (NBM) of 3.9%, the low interest rates negatively affected group business in our Belgian portfolio, decreasing its profitability. However, the Belgian individual business profitability showed a strong increase due to a more favourable business mix. New business value decreased to € 72 million from € 137 million in 2014. Our strategic focus in Belgium is on unit-linked pensions and products such as death and disability cover, as well as continuously striving to further optimise and digitise our customer service.

The introduction of a new type of pension scheme in the Netherlands opens up opportunities for Delta Lloyd. The general pension fund (APF) groups multiple corporate pension plans together under the management of a single independent board (a non-profit foundation), while ring-fencing assets to offer a defined benefit-type scheme with no guarantees. This offers companies an attractive alternative to defined benefit schemes and allows company pension funds to retain their own scheme and identity while lessening the growing regulatory burden and increasing administrative costs. Delta Lloyd has applied to DNB for an APF.

Customer satisfaction is our main business driver and the heart of our new client-focused strategy. Satisfied customers are loyal customers and will help us to grow our business. In 2015, we scored highly on customer satisfaction and for the fourth consecutive year we were rated the number one pensions provider in the Netherlands by intermediaries and financial advisors, in the National Performance Research for Pension Insurers by IG&H Consulting. Insurance consultants rate our account management and back office as the best in the market and our products for being innovative and well priced.

To this end, we are continuing to move more of our Life business online, both to streamline our processes internally and make it easier for customers to interact with us and take care of all their insurance needs by bringing our Life and non-life products together in a single digital platform.

General insurance

Our General Insurance business improved in 2015, with gross written premiums slightly higher at € 1,353 million from € 1,319 million in 2014. Higher claims and commission ratios were partly offset by cost savings, but led to a higher combined ratio (COR) – our main indicator of profitability – of 96.2% from 94.5% in 2014, which is still well ahead of our target of 98%. The gross operational result decreased to € 106 million from € 134 million.

We took a number of steps during the year to prepare our General Insurance business for Solvency II in terms of the types of risks we insure, as some types of insurance are more capital intensive. To keep premiums low for our customers and reduce the cost of claims, we continuously innovate to improve our products and services. For example, in 2015 we introduced an innovative fraud detection system called 'Sjerlok', which combines big data, artificial intelligence and detective work to search the internet for missing or stolen objects. This is the first system of its kind in Europe. We are also the first insurer to offer business customers consequential loss insurance, which guarantees against under-insurance in the event they can't conduct their business as usual, for example because of damage to their premises or inventory. And we introduced 'Carefree Recover', a repair network for our business customers in which Delta Lloyd takes care of all the work related to damages. The entrepreneur can settle their damage claims directly without paying cash advances within 24 hours of reporting the incident and urgent repairs can be arranged within two hours.

The digitisation of our General Insurance business is an ongoing priority and we are moving more and more of this business online. Here, the OHRA label is a frontrunner. This focus on technology is a key component of our ‘Closer to the customer’ strategy and will help us save costs and improve customer satisfaction. To this end, we created a new Customer, Brand & Digital department that brings our commercial and product divisions together in one central team to identify opportunities and speed up the time to market for new products.

In 2015, OHRA car insurance was recognised as having the best terms and conditions by independent research company MoneyView in its annual rating.

Asset management

It was a tough year for Asset management, which was under pressure from challenging markets and the new regulatory regime, as well as undergoing an internal reorganisation to enhance risk management and shift the asset mix towards investments with a relatively high Solvency II risk-adjusted return. That said, it outperformed the equity benchmark by nearly 10% and the gross operational result doubled to € 57 million (2014: € 27 million), supported by higher fee and commission income due to higher performance fees.

Total assets under management declined to € 70,012 million from € 85,254 million in 2014, due to the sale of Delta Lloyd Bank Belgium and Delta Lloyd Deutschland (€ 13.5 billion) and to market developments. Net outflows of totalled € 249 million (2014: € 200 million), due to the market conditions and a decrease in retail funds. There was a net inflow of institutional mandates of € 154 million.

In our own risk investment portfolio, we continued to reduce the share of assets with a relatively low Solvency II risk-adjusted return by selling the commercial real estate portfolio and part of the private equity portfolio. Instead we are focusing on assets that match our liability profile and have relatively high Solvency II risk-adjusted returns, such as fixed income, mortgages and residential real estate.

Bank

Delta Lloyd Bank is mainly active in the Dutch mortgage and savings markets, which both performed well in 2015. New mortgages showed a strong improvement, increasing by 42% to € 1,173 million (2014: € 825 million). The bank made significant progress in improving customer service and operational performance, which supported its competitive offering against a good margin. The portfolio at group level increased by 1% to € 13,266 million (2014: € 13,136 million). The bank’s savings portfolio was stable at € 3,359 million (2014: € 3,448 million), due to the focus on margin over volume. The gross operational result more than tripled to € 55 million (2014: € 16 million), due to higher net interest income, margins of savings and banking annuities products and cost savings.

In 2015, we completed the sale of our Belgian banking activities to Chinese insurer Anbang.

Corporate and other activities

This segment mainly consists of holding company overheads, interest expenses, Treasury and the commercial result of our health insurance activities. The gross operational result declined to € -89 million (2014: € -61 million), mainly due to higher pension service costs, a lower Treasury result due to lower interest rates, and a higher investment spread as a result of lower net finance costs.

2.3.2 Outlook for the year 2016

If 2015 was a year of transition, we expect 2016 will be a year of stabilisation. As a result of completed and ongoing management actions, and assuming the completion of the intended rights issue, Delta Lloyd expects to reach a solvency position that gives us a strong foundation from which to execute our strategy and deliver customer-focused, profitable and capital-generative new business. We can grow in our core Dutch and Belgian markets, deliver solid returns to our shareholders and further safeguard the interests of all of our stakeholders. We have specific plans in place to further improve our business: we will continue to shift toward lower risk, less volatile products, adjust our investment portfolio toward higher Solvency II risk-adjusted returns and ensure the generation of cash and capital in a Solvency II context. We are committed to operational cost discipline and cost reductions will be ongoing in the Netherlands and Belgium. We will focus on simplifying our core processes and adopt a ‘digital-first approach’, make conscious buy-or build decisions and reduce overhead costs. The target for operational expenses for 2016 is set at € 610 million, for 2018 the target is set at less than € 560 million.

Following the completion of the rights issue, Delta Lloyd is targeting underlying net capital generation of € 200-250 million per annum. We expect this will enable us to pay a targeted cash dividend of € 130 million over 2016, subject to internal Solvency II thresholds, with a goal to increase our cash generation and dividends. We face the future with confidence, based on our strong, customer centric business, our revised strategy, our talented and dedicated employees, and our committed management team.

2.4 Risk management and top five risks

For further information about risk management at Delta Lloyd, please see section 4.1.7.1 ’Risk management’ in the 2015 Financial Statements incorporated by reference herein.

2.4.1 Risk management philosophy

Our risk management policies are designed to protect Delta Lloyd against events that may jeopardise our ability to achieve sustainable results, the required minimum solvency level, or our strategic objectives. Our mission is to manage uncertainty. Risk management is fully embedded in our daily operations, to identify, analyse, measure, manage, control and audit risks that may arise in the course of our business operations, in a timely manner. This helps to maintain our credit ratings, meet our obligations to customers and other creditors, and comply with legislative and regulatory requirements and best practises. Our approach to risk is based on the following elements:

- *Risk governance*: Our risk governance framework comprises ‘three lines of defence’ and risk committees. It outlines the responsibilities and guidelines of our management structure. Each business segment has a dedicated Audit Committee (AC) and an Asset & Liability Committee (ALCO) that supervise the effectiveness of its business control systems. Following the appointment of a chief risk officer to the Executive Board in 2015, a revised risk organisation will be implemented in May 2016 (see section ‘Risk governance’ below).
- *Risk processes and systems*: The risk management framework takes into account all relevant elements of risk management, including the Solvency II Standard Formula (SF) model and an Internal Model (EC) for economic capital calculation, a sound risk management cycle (that includes all necessary and structural steps to assess all material risks and its control) and the interrelationship between governance and management information.

- *Risk culture*: Based on Delta Lloyd's core values, the Executive Board and the boards of the business units have a common framework to perform their risk/return considerations. That framework considers that what is good for our customers is good for all stakeholders.
- *Risk taxonomy and mitigation*: The risk management policy framework encompasses the 'risk universe' of all risks relevant to Delta Lloyd. It contains a set of mandatory policies and the group risk appetite statement (GRAS) to control and manage risk according to specific guidelines. The annual GRAS defines the risk appetite for all risks within Delta Lloyd. Each division defines its business unit's risk appetite statement consistent with the GRAS.
- *Capital model*: With the implementation of Solvency II in 2016, we started using the SF model for our insurance activities. The capital relating to our banking activities is assessed in accordance with the capital requirements regulation (CRR) and directive (CRD IV).

Because we believe a partial Internal Model better reflects the specific risks we face than the standard formula does, we will continue to update and test the internal model. We have been informed by DNB that it expects us to apply for the partial internal model and that we need to have made progress on applying the model before 1 January 2017, or it will impose capital add-ons or other measures. Following satisfactory test results and in consultation with the College of Supervisors, we have filed plans with DNB and plan to implement the partial internal model on 1 January 2018.

Delta Lloyd will continue to measure solvency on both the SF and on the internal EC method. The Executive Board determines the minimum risk and risk appetite levels for both measures, and both must be adhered to. We will use the EC model for making internal risk management decisions, taking into account the SF Solvency II ratio as a potential constraint.

2.4.2 Risk governance

In October 2015, the Executive Board announced plans to reorganise the risk management organisation in 2016. The new organisation is scheduled to be implemented in May 2016. The reorganisation aims to further improve risk management, more strictly implement key functions as described in the guidelines for Solvency II, and support the pure division of the responsibilities of the second line of defence. The changes include splitting the actuarial and risk management functions at group level and in the business units and appointing chief risk officers to the boards of the business units. Reorganisation plans often involve uncertainty and while we believe this reorganisation will be beneficial to risk management and to implementing key functions of the Solvency II guidelines, future adjustments may be needed. The current description of the governance is based on the risk management organisation as it is before implementation in May 2016.

Delta Lloyd's risk governance structure is based on roles and delegated authorities; the risk management policy, which comprises guidelines for all major risk types described in '—Risk Taxonomy'; and the risk committee structure.

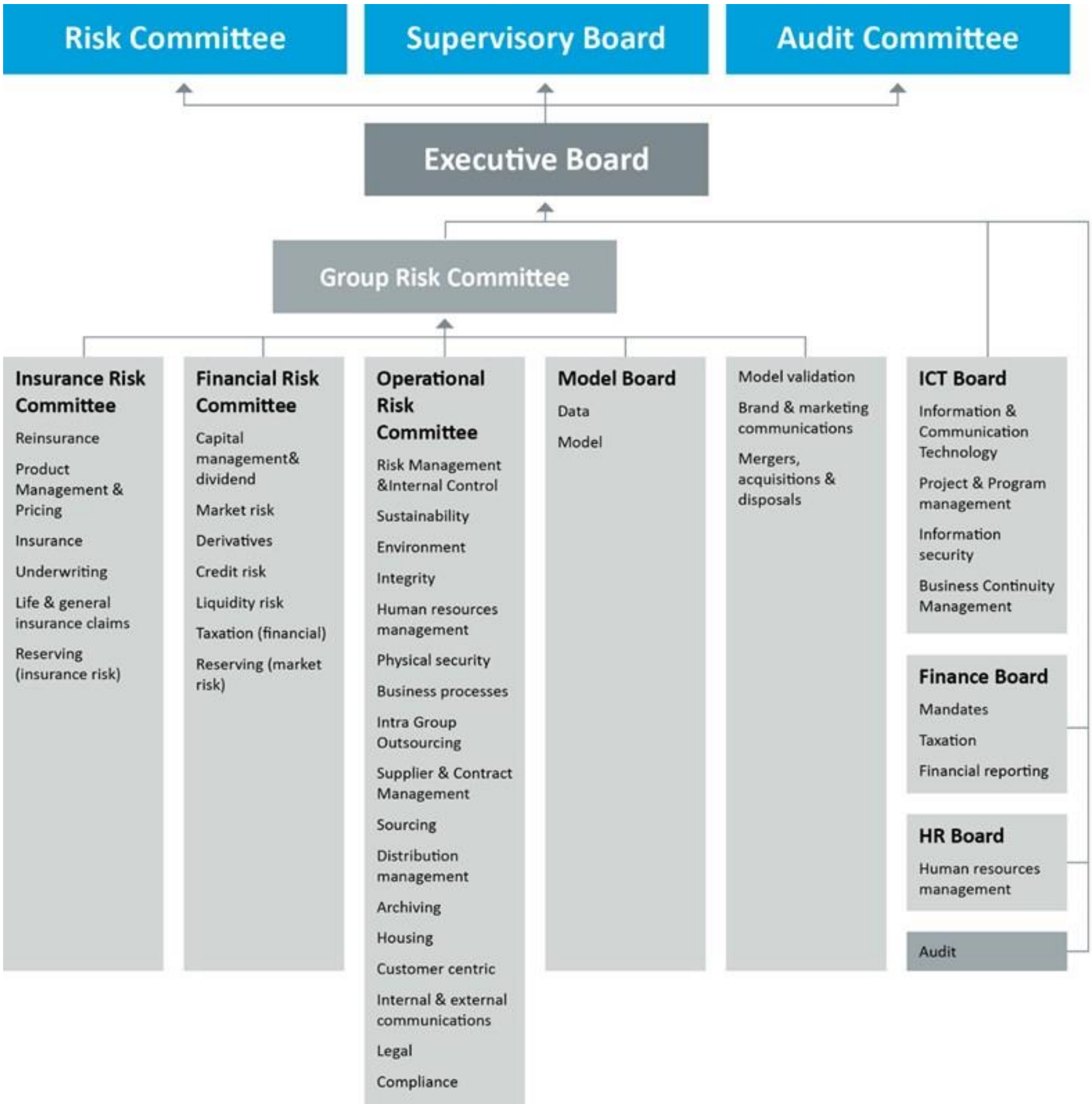
Risk management at Delta Lloyd has three lines of defence:

- *Day-to-day risk management in each business unit*: This includes implementing risk policies and reporting and managing information. This line of defence is executed by the management of each business unit.
- *The risk management and compliance organisation*: The second line of defence focuses on coordinating and developing policies, reporting structures and monitoring compliance with statutory rules and internal policies. It is executed by Group Actuarial & Risk Management,

Group Integrity, Group Finance, Control & Tax, the risk management committees and the risk management and compliance departments or officers in each division.

- *Internal audit function*: The Supervisory Board has a dedicated Risk Committee that reviews the governance, processes, appetite and risk positions. Group Audit performs regular internal audits of key controls. Delta Lloyd is supervised by the relevant external supervisory authorities in the Netherlands and Belgium.

Risk management is organised as follows:



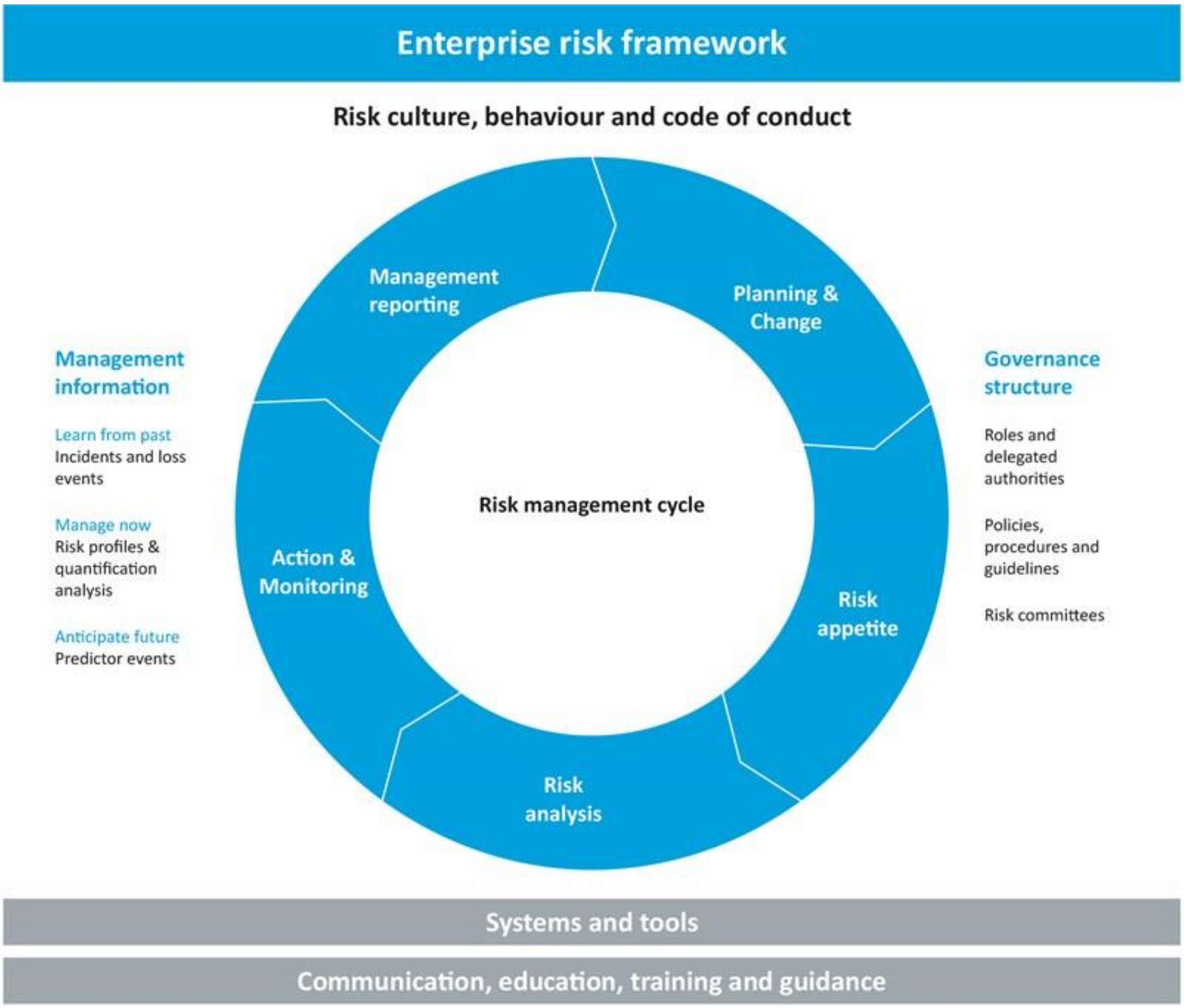
Various risk management committees analyse and monitor risks within their areas of expertise and prepare reports and advice for the Group Risk Committee and for the Executive Board to facilitate their decision-making. At business unit level, this task is delegated to its risk committee and audit committee. Group Audit reports its audit risks directly to the Group Audit Committee.

2.4.3 Risk management responsibilities

- The Executive Board is responsible for decisions relating to Delta Lloyd’s risk profile and determines our overall risk appetite at least once a year. The Executive Board also assesses and approves the GRAS. The risk appetite sets the limit for key risks in each business unit.
- The Supervisory Board assesses how the Executive Board manages risks and monitors the consequences of decisions for the risk profile.
- The Group Risk Committee prepares this decision-making by regularly analysing Delta Lloyd’s risk profile and solvency and making specific policy proposals. The Risk Committee comprises the chairman of the Executive Board, the chief risk officer, the chief financial officer, the director of Group Actuarial & Risk Management (GARM), the managing directors of Delta Lloyd Asset Management, Delta Lloyd Schadeverzekering, Delta Lloyd Levensvezekering, ABN AMRO Verzekeringen, Group Integrity, Group Audit, the chief risk officer of Delta Lloyd Life Belgium and the chief financial risk officer of Delta Lloyd Bank Netherlands. Specialists in specific areas are also invited, depending on the subject discussed. The Risk Committee’s risk analyses focus on the consolidated economic balance sheet and risks that Delta Lloyd faces, taking account of restrictions arising from banking and insurance regulations at entity level.
- The management of each business unit is responsible for identifying, assessing and controlling the risks falling within their unit’s responsibility.
- The chief risk officer carries overall responsibility for the independent oversight of all risks. GARM is responsible for the overall risk framework and monitors the effective management of these risks. The director of GARM bears delegated responsibility for the supervision of all risks, including compliance with Solvency II.
- Group Integrity is responsible for compliance, security, business continuity and the financial crime unit.
- Group Finance, Control & Tax is responsible for financial management and reporting and advises and instructs the business units. In addition, it is responsible for controlling, monitoring and reporting on Delta Lloyd’s tax position, and compliance with tax laws and provisions.
- Group Audit reports to the Executive Board and the Audit Committee of the Supervisory Board and is responsible for internal audits to establish the effectiveness of our internal control systems.
- Group policy owners are responsible for providing oversight of specific risks and for monitoring the risks group-wide.

2.4.4 Risk processes and systems

Delta Lloyd’s risk management framework is based on the enterprise risk management (ERM) model of the Committee of Sponsoring Organisations of the Treadway Commission (COSO). It meets future Solvency II requirements. This framework helps us to understand, quantify and manage the risks to which we are exposed. Management information and governance are linked according to the cycle below.



Specific risk management and control systems have been set up for key risk areas as follows:

- The management of each business unit assesses and manages its own risks and controls and updates its risk profile every quarter. These reports and processes include own risk and solvency assessments (ORSA), which are also a requirement of Solvency II. They cover the control of inherent risks, effectiveness of controls and an assessment of the probability and consequences of residual risks. One major objective is to keep residual risks within the limits of the defined risk tolerance. ORSA is a more forward-looking risk management exercise, to oversee and manage the effects of risk scenarios over a longer period.
- Each quarter, GARM draws up a financial risk report for Delta Lloyd. It addresses financial factors, such as recent developments in the financial markets and their consequences for our capital position. We use an economic capital model based on stress test analyses and stochastic scenario analyses. Risk positions (including hedges) are assessed to determine whether they are still compatible with our risk appetite. Collateral is managed on a day-to-day basis.
- Delta Lloyd Bank carries out its own annual risk assessment, known as the internal capital adequacy assessment process (ICAAP). This is in line with CRD IV, the revised solvency framework for the banking sector based on Basel III, as implemented in the Dutch Financial

Supervision Act. The ICAAP indicates whether the current capital position is still sufficient, given the financial risks to which Delta Lloyd Bank Netherlands is exposed.

- Our investment firm, Delta Lloyd Asset Management (DLAM), carries out its ICAAP in line with CRD IV, as implemented in the Dutch Financial Supervision Act. The ICAAP indicates whether the current capital position is still sufficient, given the financial risks to which DLAM is exposed.
- GARM coordinates the annual GRAS, which defines the appetite for all risks within Delta Lloyd. It is used to cascade risks down to the risk appetite statements of the business units.
- Delta Lloyd has set up its own internal financial control framework based on the top-down risk approach of the Sarbanes-Oxley Act.
- To assess our operational risk, the bank, asset management and insurance segments use a series of key risk indicators that are partly based on Basel II. In addition, we have a system for recording all operational losses above € 10,000 in all business units and, as a member of ORIC International loss data consortium, we have access to a database of external losses.
- Business units with large corporate customers apply a risk analysis and a risk management method that is subject to verification by external auditors. These units issue an ISAE 3402 statement regarding their internal controls (the standard for auditing service organisations).
- The Group Legal and Group Integrity departments guide our legal and regulatory risk management. Group Integrity is also responsible for our compliance network and for the Regulators Desk unit within Group Compliance.

2.4.5 Risk culture

The Executive Board and directors determine Delta Lloyd's risk culture. They set the example for the rest of the organisation. It is imperative they are approachable on risk management issues and open to discussions about improvement. In addition:

- Executive Board members include risk management objectives in the performance goals of directors.
- Business unit directors are directly responsible for implementing enterprise risk management activities.
- The Executive Board and heads of the various risk committees provide an overview of risks and the actions they have taken to address these.
- Executive Board members and directors regularly encourage staff to comply with the company's code of conduct.
- To promote effective risk-based decisions the chairman of the Executive Board, chief risk officer and chief financial officer ensure that senior and operational managers put into practice the principles contained in Delta Lloyd's CEO Guide – Better Business Decisions and CFO Guide – Better Business Decisions.

We use a number of systems and tools to support the risk management cycle (analyses, reports, workflow management charts). These include interfaces with systems within our business units that deliver management information and data for specific risk management systems. Data quality is crucial. Naturally, we pay close attention to good system support and technology. Delta Lloyd has specific policy documents for the EC model: the data policy, model policy and validation policy. The Model Board reviews the effectiveness of the controls on the systems and tools that we use to manage risk.

2.4.6 Risk taxonomy

Delta Lloyd's risk management process has developed into an integrated enterprise risk management process and fits into our preparation for Solvency II. It consists of a risk management cycle where each action is a stepping stone for the next. We carry out risk assessments and risk calculations to:

- Determine how much risk we are prepared to accept (Delta Lloyd's risk appetite);
- Determine the probability of risks occurring and their consequences, as well as potential scenarios and the possible regulatory capital consequences; and
- Decide on the measures, or additional measures, that should be taken.

In the line management and reporting phase of the cycle, management delivers reports that are used to make decisions, which subsequently lead to action in the planning and change phase. The risk appetite for the adjusted business activities must then be re-determined and the cycle begins again. Each business unit uses the GRAS to generate appetite statements. These are reviewed and adjusted at least once a year.

Recognising the requirements of our different stakeholders, we measure solvency on a number of bases, all of which we take into account when we manage solvency. For 2016, a Solvency II SF ratio of 140%-180% has been set for external reporting. The GRAS states that the EC model will be used to make internal risk management decisions while we concurrently manage these risk decisions within the boundaries of the reported 140%-180% SF ratio range, thus constraining Delta Lloyd's risk taking. In 2016, the risk appetite has not changed materially from 2015, but the SF ratio solvency targets have been set higher, thus constraining our risk taking.

The risk and control self-assessment (RCSA) is an important part of the risk management cycle. This is a mechanism for identifying and assessing risks, including scenarios (a combination of risks occurring at the same time). It also assesses the effectiveness of our existing controls and identifies gaps in those controls. The RCSA is integral to the ERM framework and the own risk and ORSA processes. This is because we can integrate and coordinate our risk identification and risk management efforts and generally improve the understanding, control and oversight of our risks.

We use the findings of a RCSA to formulate appropriate action plans that address identified control gaps, taking into account risk-reward (cost-benefit) considerations. Progress on these plans is monitored as part of our overall risk management approach. In this respect, RCSA promotes analysis and monitoring of factors that affect the level of risk exposure. Formal quarterly risk profile updates and ORSA are typically extracts and focus points brought forward from general RCSA exercises.

A consistent and regular information flow helps give management, the Executive Board and the Supervisory Board a deeper understanding and awareness of risk management. We organise regular workshops for the Supervisory Board and Executive Board on topics such as risk management and changes in financial reporting and value, to enhance their understanding of risk control and current developments, such as the preparations for Solvency II. We organise regular workshops for all managers and specialists on themes relating to risk management and financial reporting in general, and Solvency II in particular. A special web-based portal contains all available information on risk management and Solvency II, as well as a summary of the developments relevant to Delta Lloyd.

Delta Lloyd has a set of formal policies to manage and control all financial and non-financial risks – the so-called risk universe. The risk universe is the full range of risks that could positively or negatively our ability to achieve our long-term objectives.

The policies cover the following risk areas as specifically mentioned in Solvency II:

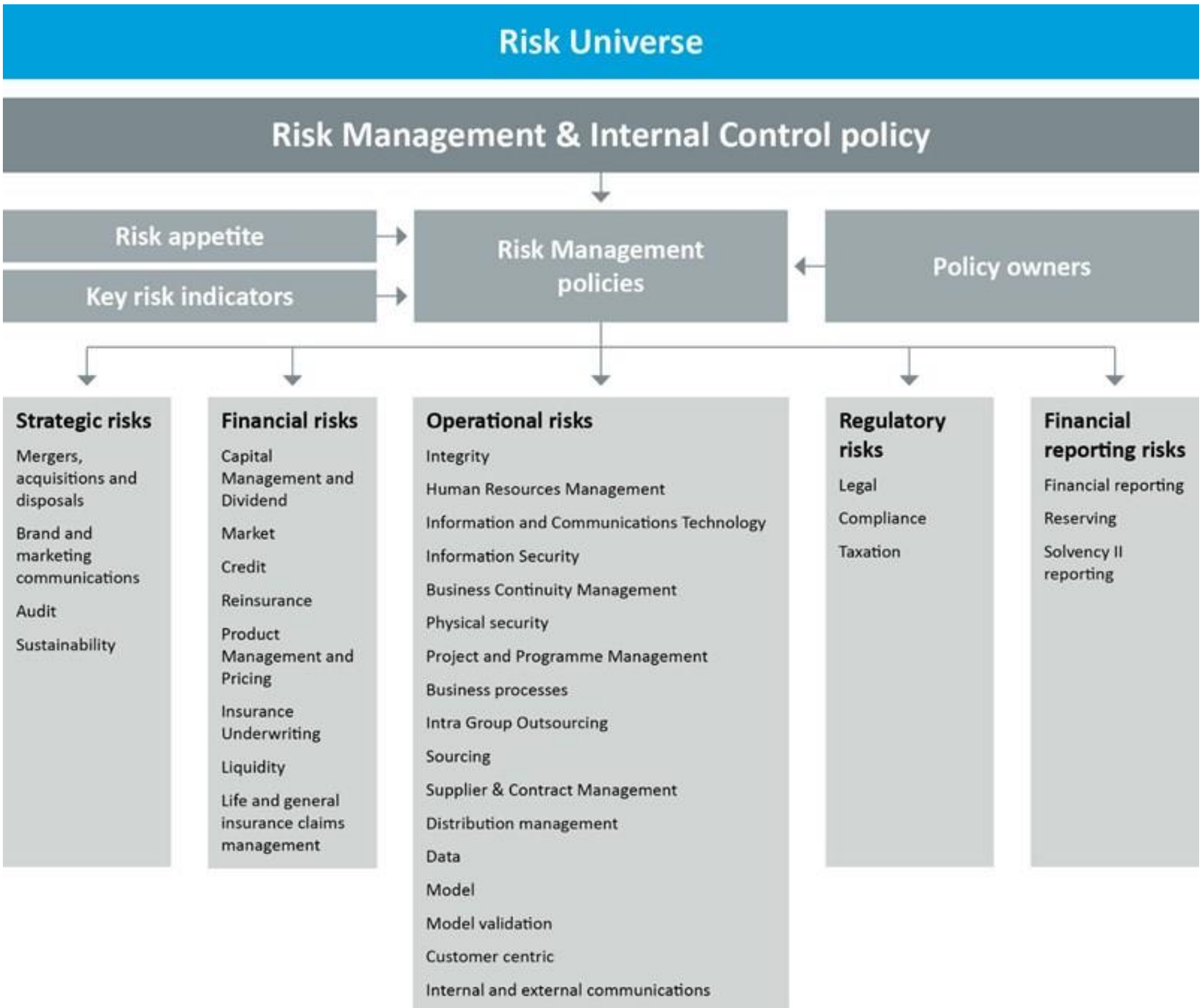
- Underwriting and provisioning;
- Asset-liability management;
- Investment, in particular derivatives and similar commitments;
- Liquidity and concentration risk management;
- Operational risk management; and
- Reinsurance and other risk mitigation techniques.

The risk management and internal control policy is the foundation of the risk management and internal control framework. It is designed to support the identification, assessment, monitoring, reporting, management and control of the material risks involved in achieving our business objectives.

Each policy sets out the minimum standards for risk management and internal control in the relevant area within the Group. It recognises that Delta Lloyd is in the business of accepting risk, meaning that we have to put capital at risk in a structured and disciplined manner to successfully execute our strategy. In other words, within the limits set by the GRAS, we must strike a balance between risk and return that allows us to make best use of our capital while displaying the appropriate prudence.

Our management policies provide practical direction on how to safeguard the business from events with excessive operational, financial or reputational impact while enabling us to deliver on our business strategy.

Delta Lloyd recognises five main conceptual categories of risks and policies within the overarching risk management and internal control policy. These are based on the Dutch Corporate Governance Code (DCGC) and describe the risk universe.



- Strategic risk: Strategic risk is defined as the risk to current and future earnings or capital that arises from adverse business decisions, improperly implementing decisions or not responding to changes in customer demand, legislation or the industry. Strategic risk includes the risk of missing targets because the business units do not respond, or do not respond adequately enough, to changes in their business environment.
- Financial risk: Financial risk means the uncertainty of a return and the potential for monetary loss. Financial risk includes credit risk, equity risk, property risk, inflation risk, interest rate risk, currency risk, insurance risk and liquidity risk.
- Operational risk: Operational risk is the risk of losses that may occur due to inadequate or malfunctioning internal processes or systems, human error, criminal behaviour or external events. Operational losses may have a direct impact (i.e. give rise to a quantified economic or financial loss) or an indirect impact (i.e. lower sales, opportunity costs or productivity losses that will unfold in the future but may be hard to establish accurately). Operational risk relates to areas such as integrity and fraud, crime, human resources management, information and communications technology, information security (including the risk of online services), business continuity management, physical security and outsourcing.
- Regulatory risk: Regulatory risk is the risk of not complying with laws, regulations and internal policies and procedures; for example risks related to litigation, compliance and tax.

- Financial reporting risk: Financial reporting risk is the risk that our financial statements contain a material error. Financial reporting risk includes reserving risk, investment business risk and the risk that the insurance liabilities of our Life and General Insurance businesses are not adequately determined and reported.

In addition, Delta Lloyd considers systemic risk to be an inherent risk. This is the risk of the financial system or the entire market collapsing due to war, global illiquidity, hyperinflation or similar massive events.

2.4.7 Top five risks

In 2015, we identified the following five risks as having the greatest potential impact on Delta Lloyd:

- Inadequate solvency, due to regulatory changes
- Reputational damage, due to declining share price and S&P downgrade
- Volatile financial markets
- Geopolitical instability
- Increased exposure to cloud computing, cybercrime and data manipulation

Risk quantifications and sensitivity analyses are described in this section 4.1.7.1 'Risk management' in the consolidated financial statements.

1. Inadequate solvency due to regulatory changes
The risk of unexpected or undesired changes in the parameterisation of Solvency II, negatively impacting the solvency levels and resulting in suboptimal investments.

To anticipate on the impact of Solvency II regulation, Delta Lloyd implemented the following actions in 2015:

- Successful sale of Delta Lloyd Deutschland, Delta Lloyd Bank Belgium, the commercial property portfolio and a large part of the private equity portfolio;
- More restrictive policy on capital-intensive products;
- Implemented contingency plans to increase SF ratios;
- Implemented capital actions to increase SF ratio by the end of 2015;
- External review of the proposed partial Internal Model (PIM) and the decision to implement PIM in 2018;
- Closely monitored regulatory developments;
- Exercised lobby with 'Verbond van Verzekeraars' and European Insurance CFO forum;
- Performed an assessment to demonstrate the appropriateness of the SF
- Substantiation of LAC DT, following DNB guidance on LAC DT.

2. Reputational damage due to declining share price, S&P downgrade
The risk that Delta Lloyd cannot execute its strategy as a result of damage to its reputation due to:

- A negative perception of the financial stability of Delta Lloyd leading to a declining share price
- Actions from S&P such as another downgrade;
- Negative media attention;

As a result, the number of business or retail customers may decrease and Delta Lloyd may not be able to execute its strategy.

To mitigate these risks, Delta Lloyd took the following actions in 2015:

- Implemented and communicated the revised 'Closer to the customer' strategy;
- Announced the intended rights issue and intensified contacts with customers and investors to explain the situation;
- Contact with S&P to resolve the CreditWatch placement based on our strategy and capital plans.

3. Volatile financial markets

The risk of continued adverse financial market circumstances, in particular the volatility of financial markets and sustained low interest rates, leading to financial losses and less profitable business.

Interest rates have been at all-time lows for the last few years. Delta Lloyd is protected against interest rate movements ('matched'), and is strictly monitoring its market risk sensitivities. However, should this persist for a longer period this will lead to additional challenges:

- The price for minimum guarantees will increase significantly;
- Insurance products may become less attractive to customers;
- Lower yields put pressure on margins and on shareholders of all market participants and thus put pressure on solvency levels;
- The yield on the asset portfolio is still relatively good, but could decrease when instruments have to be rolled over;
- An ultimate forward rate of 4.2% is used for discounting liabilities. In a continuing low interest rate environment, realised returns may prove to be lower than returns implied/required by the UFR.

In order to limit financial losses as a result of volatile financial markets, Delta Lloyd aims to further reduce its balance sheet volatility in 2016.

To mitigate these risks, Delta Lloyd took the following actions in 2015:

- Focus on defined contribution products has increased with the emphasis on margin over volume and full ownership of PPI BeFrank has been obtained;
- Focus on property & casualty insurance in non-life and offer fewer long-term guarantees.
- Diversification to illiquid markets and asset types (private loans, infrastructure, property, mortgages).
- Focus on risk-based product design (non-life and term business).
- Limited interest rate risk by setting strict limits and monitoring risk on a regular basis.

4. Geopolitical instability

The risk of geopolitical turmoil leading to market instability, which could result in financial or operational losses. There are several developments that indicate to more geopolitical instability:

- The global political balance is changing: the US has become less dominant; and more power has shifted to other countries (e.g. China). This results in instability;
- Recent examples of conflicts close to Europe are Ukraine, Gaza and Syria/Iraq;
- Turmoil can spread fast due to an increased availability of information;

- Migrants spreading across Europe from Africa, the Middle East, and South Asia have presented European leaders and policymakers with their greatest challenge since the debt crisis;
- Assaults by IS in Europe are causing unrest in Western Europe.

Delta Lloyd Asset Management aims to have a geographically well diversified portfolio. Diversification may become more difficult due to political conflicts. The risk exists that the Delta Lloyd portfolio contains positions in countries where conflicts may arise. The impact of this may be direct, but there could also be indirect effects, for example due to the impact on global financial markets, on global GDP growth or on trade relations.

To mitigate these risks, Delta Lloyd took the following actions in 2015:

- Closely monitor geopolitical developments and take appropriate action as necessary (such as selling or hedging risk).

5. Increased exposure to cloud computing, cybercrime and data manipulation

The risk that Delta Lloyd falls victim to a significant cyber crime or data loss incidents as a result of the introduction of new technologies, private mobile devices, apps, a more open IT environment and more flexible workforce, leading to financial and operational losses or reputational damage.

Following the outcome of a Microsoft Office 365 assessment, Delta Lloyd will again assess and investigate its cloud computing solutions in 2016. Cybercrime may be reinsured in the future, once risk mitigating measures are implemented.

To mitigate these risks, Delta Lloyd took the following actions in 2015:

- Continued the Cyber Security Initiative programme within the IT&S department and in cooperation with the business units;
- Presented a workshop on collaboration in the cloud and the legal aspects;
- Initiated a cloud assessment of existing applications;
- Prepared for a data loss workshop in the fourth quarter.

2.5 Management statement under Financial Supervision Act

With reference to Section 5.25 (c) (2c) of the Financial Supervision Act (‘Wet op het financieel toezicht’), the Executive Board states that to the best of its knowledge:

- The financial statements for 2015 give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and its consolidated enterprises;
- The annual report gives a true and fair view of the position as at 31 December 2015 and developments during the year ended 31 December 2015 relating to the company and its consolidated enterprises for which data are included in the financial statements, as well as a description of material risks to which the company is exposed.

The Executive Board

Hans van der Noordaa, chairman

Clifford Abrahams

Ingrid de Graaf

Annemarie Mijer

3 CORPORATE GOVERNANCE

3.1 Executive Board and Supervisory Board

3.1.1 Executive Board

On 1 January 2016, our Executive Board members were:

Hans van der Noordaa (1961, Dutch) was appointed to the Executive Board as the chairman in 2015. Prior to this he was a member of the board of ING Bank and ING Group.

Clifford Abrahams (1967, British) assumed his duties on 1 January 2016, prior to his formal appointment to the Executive Board as CFO at the EGM in March 2016. His previous positions include CFO at Aviva Investors and managing director Financial Institutions Group at Morgan Stanley.

Ingrid de Graaf (1969, Dutch) joined Delta Lloyd in 1999 and was appointed to the Executive Board in 2014. Before that she was managing director of Delta Lloyd's commercial division and ABN AMRO Verzekeringen.

Annemarie Mijer (1970, Dutch) was appointed to the Executive Board as CRO in 2015. Prior to this, she held various director and management positions at ING Group.

Onno Verstegen (1963, Dutch) who was appointed to the Executive Board in 2011, stepped down at 1 February 2016.

3.1.2 Supervisory Board

On 1 January 2016, our Supervisory Board members were:

Rob Ruijter (1951, Dutch) was interim CFO of ASMI and interim CEO of VION. He was appointed to the Supervisory Board in 2014, and has been the chairman since October 2015.

Eric Fischer (1946, Dutch) is vice-chairman of the Supervisory Board. Previously he was professor of applied economic research at the University of Amsterdam. He was appointed to the Supervisory Board in 2006.

André Bergen (1950, Belgian) is a former CEO of KBC Group. He was appointed to the Supervisory Board in 2014.

Jan Haars (1951, Dutch) was formerly the CFO of Corio NV. He was appointed to the Supervisory Board in 2006.

Fieke van der Lecq (1966, Dutch) is part time professor of pension markets, VU University Amsterdam. She was appointed to the Supervisory Board in 2010.

Clara Streit (1968, German and American) is a former director of McKinsey & Company Inc. She was appointed to the Supervisory Board in 2013.

3.1.3 Supervisory Board committees

Audit Committee

Jan Haars, chairman

Fieke van der Lecq

Rob Ruijter

André Bergen

Risk Committee

André Bergen, chairman

Eric Fischer

Fieke van der Lecq

Rob Ruijter

Remuneration Committee

Erik Fischer, chairman (as of October 2015)

Rob Ruijter

Jan Haars

Clara Streit

Nomination Committee

Clara Streit, chairman

André Bergen

Rob Ruijter (as of 1 October 2015)

Eric Fischer

3.2 Supervisory Board report

Commercially and operationally, Delta Lloyd had a good year, with stable growth in the core Life and General insurance businesses. It was a turbulent year, however, marked by persistently low interest rates, which put the company's capital buffers under pressure as it moved towards tougher regulatory requirements under Solvency II in 2016. In the second half, the markets reacted severely to the volatility of its Solvency II capital position, which had a profoundly negative impact on the share price and caused concern among many of its shareholders. It was also a transitional year internally with a new management team and an updated strategy.

The Supervisory Board discussed these topics extensively throughout the year. We devoted significant attention to the management actions and capital measures that will ensure Delta Lloyd operates successfully in the new Solvency II environment. We discussed changes to the Supervisory Board's own composition. We also discussed Delta Lloyd's relationship with the Dutch central bank (DNB) following a legal dispute, which we now consider resolved. We address these topics in section 3.2.3 'Key issues in 2015'.

3.2.1 Role of the Supervisory Board

The Supervisory Board oversees and advises the Executive Board in setting and fulfilling the company's objectives, strategies and policies. Delta Lloyd has a two-tier structure, which requires a well-managed relationship between the Executive Board and the Supervisory Board. Each of the Boards has specific responsibilities, but they share responsibility for the company's strategy and risk profile.

This report explains how the Supervisory Board fulfilled its duties and responsibilities in 2015 and describes the Supervisory Board's practices and procedures. The report should be read in conjunction with section 3.4 'Governance', which outlines the company's corporate governance structure and provides additional factual information on how Delta Lloyd is managed. A profile of the Supervisory Board members is available on the Delta Lloyd website. A detailed account of the company's results can be found in the Executive Board report.

3.2.2 Strategy

In February 2015, the Executive Board reviewed the strategy against long-term insurance industry trends. This led to a new strategy that will enable Delta Lloyd to grow in its core insurance markets in the Netherlands and Belgium and create value for all its stakeholders. The 'Closer to the customer' strategy puts more emphasis on customer satisfaction and loyalty, technology and efficiency and a capital light business plan, which, in combination with the capital management plan, will improve the operating and financial performance. It builds on the Group's distribution network, brand recognition and product offering, as well as the use of technology to better capture information about customers and develop innovative new products that meet their needs.

A key component of the updated strategy is managing risk and capital, which includes accelerating the shift to a more fee-based business model and lower risk, less volatile products with a relatively higher Solvency II risk-adjusted return, and generation of cash and capital.

The strategic planning process is based on an analysis of different future scenarios and the forces driving the dynamics of those environments, as well as discussions with various stakeholders. These include external partners, the works council and our regulators. The updated strategy was drawn up by senior management and presented to the Supervisory Board at a meeting in June.

In its strategy discussions the Supervisory Board addressed some of the trends influencing the insurance landscape of the future: the ageing population, the increasing responsibility on individuals to deal with the uncertainties around funding their own retirement and the growing role of the internet in the way Delta Lloyd interacts with customers. Some parts of the business, such as BeFrank and OHRA, are frontrunners in the new online environment. Other labels, including the Delta Lloyd label itself, have just started their digital transformation and need to migrate to a more customer-friendly way of working.

Part of these discussions related to developing products that will best meet customer needs as well as fulfil Delta Lloyd's obligations to policyholders, without making additional capital demands. For example, in the pension sector we see more demand from group pensions customers for less capital-intensive defined contribution pension plans.

The interests of policyholders are central in our policy and business decisions. That being said, we weigh the diverse interests of all stakeholders, including investors, employees, suppliers, regulators and society at large in our discussions. These interests form the basis for supervising Delta Lloyd's strategy and progress.

The Supervisory Board again discussed 'Closer to the customer' in August 2015 and approved it.

Delta Lloyd's continuity is an important responsibility for the Supervisory Board. In this connection, we discussed ways to deal with the uncertainties in the regulatory and business environment and improve the company's capital position, particularly with regard to Solvency II requirements. The capital plan which was announced on 30 November, which included measures to strengthen the capital base such as an equity offering in March that raised € 337 million, the rights issue of up to € 1 billion announced on 30 November, the sale of the Belgian bank and German activities, and a review of Delta Lloyd's 30% stake in Van Lanschot bank.

3.2.3 Key issues in 2015

In 2015, the Supervisory Board devoted particular attention to the following subjects.

3.2.3.1 Dispute with DNB

In 2015, Delta Lloyd went to court to settle a difference of opinion with DNB. The dispute related to steps that DNB took in 2014 in response to actions by Delta Lloyd in 2012 to reduce the company's interest rate risk hedges. Those transactions were done in the week before DNB introduced a fixed interest rate for calculating insurance liabilities with terms exceeding 20 years (ultimate forward rate). DNB claimed that in doing so, Delta Lloyd had acted on confidential information with a view to achieving financial gain and had contravened internal risk and governance rules. It imposed a € 22.8 million fine on Delta Lloyd Levensverzekering N.V. and instructed Delta Lloyd to dismiss Emiel Roozen as its CFO.

Delta Lloyd disputed these measures, which the Supervisory Board felt were disproportionate. Moreover, we believed there were legal grounds to challenge the measures. For these reasons it was decided in 2014 to request the court to assess DNB's measures.

On 31 July 2015, the administrative court in Rotterdam delivered its ruling. The court endorsed DNB's view and upheld the fine, although it lowered the fine to € 22.68 million and allowed Delta Lloyd's appeals against the dismissal of its CFO. The Supervisory Board felt it would be in the interest of all stakeholders to resolve the case and consequently Delta Lloyd did not lodge an appeal. Following the court's ruling, Delta Lloyd's CFO Emiel Roozen and Supervisory Board Chairman Jean Frijns decided to step down. The Supervisory Board respects their decision and is grateful to both Mr Roozen and Mr Frijns for their commitment and dedication over the years.

In addition, Delta Lloyd Asset Management accepted a € 750,000 fine imposed on it by the AFM in a related matter. The fine addresses internal governance procedures involving transactions conducted by Delta Lloyd Asset Management for the purposes of Delta Lloyd's own balance sheet.

Delta Lloyd provided more detailed information on this matter in its press releases of 30 January 2015, 31 July 2015, 3 August 2015 and 20 November 2015.

Summary of Supervisory Board's role

Throughout 2013, 2014 and 2015 the Supervisory Board devoted a great deal of attention to the DNB case. This included conducting a separate investigation under the auspices of a special committee installed by the Supervisory Board, engaging the assistance of external legal and accountancy expertise, and taking appropriate measures.

Among these, the Supervisory Board and Executive Board took steps to bolster risk awareness, compliance and internal governance at Delta Lloyd, such as appointing a chief risk officer to the Executive Board; setting a group-wide variable remuneration target on compliance awareness; strengthening the mandate of the group compliance director; and creating a comprehensive and mandatory risk analysis for decision-making throughout the organisation. Governance procedures and compliance were also tightened at Delta Lloyd Asset Management. Furthermore, the Supervisory Board used its discretionary power to reduce the Executive Board's variable remuneration for 2012. We opted to set the value of the four (out of four) tranches of variable remuneration for 2012 to € 0. The variable compensation that board members had received over 2012 was deducted from a later payment in 2013, while the second, third and fourth installments in 2014, 2015 and 2016 were not paid out.

Following the conclusion of the DNB case, the Supervisory Board evaluated its own role with respect to the matter. In this process we were assisted by an external consultant. We discussed the main observations in a Supervisory Board meeting and reflected on the lessons learned. These include that – in hindsight – we could have paid more attention to aspects other than strictly legal ones throughout the process. In this respect, the Supervisory Board also underlined the importance of organising enough moments of reflection throughout a lengthy process such as this. We also stressed the importance of closely monitoring the relationship with the regulators and concluded that the relationship with DNB has improved since.

3.2.3.2 Executive Board succession

The search for a new CFO was a key item on the Supervisory Board's agenda. The timing of his departure - during a difficult year – presented a challenge. The Nomination Committee initiated a tentative search early in 2015, when it became clear that we would have to prepare for all possible outcomes of the legal dispute with DNB. We drew up a detailed search profile in consultation with Executive Board Chairman Hans van der Noordaa. Supported by external experts, the Nomination Committee assessed several internal and external candidates and the full Supervisory Board, in consultation with the Works Council, selected Clifford Abrahams as the new CFO as from 1 January 2016.

Mr Abrahams will be introduced to shareholders at an Extraordinary General Meeting in March 2016. He has a wealth of international insurance and capital management experience and a strong track record as a CFO, in M&A and in capital markets. He is also familiar with Delta Lloyd, having played an important role in our initial public offering in 2009, when he was Chief M&A Officer at Aviva. We are confident he will make a valuable contribution to Delta Lloyd's development.

Mr Abrahams will be appointed for a four-year term, in line with the Dutch Corporate Governance Code, and is subject to the compensation and benefits package for Delta Lloyd Executive Board members. See the Remuneration Committee report for details.

To strengthen the Risk function, we decided to appoint a dedicated chief risk officer to the Executive Board. We felt it would be beneficial to the company – and in line with current trends – to create a separate reporting line in the Executive Board for risk management, integrity and actuarial affairs, thus safeguarding the importance of these issues in the organisation.

The search for a CRO began in 2014, and in February 2015 we announced the appointment of Annemarie Mijer to the position. We informed shareholders about her appointment at the General Meeting in May 2015. As CRO she is responsible for Delta Lloyd's risk management and integrity framework and for communicating the risk policy to the regulators, DNB and AFM. The Supervisory Board is convinced she is an asset to the Executive Board. She brings years of risk management experience and considerable added value to Delta Lloyd, having previously served as CRO in the Life division at Nationale-Nederlanden and in various director and management roles in risk management at ING Group.

While discussions concerning Executive Board succession took place in the Nomination Committee, this remained a key issue on the agenda of the full Supervisory Board in 2015. On 1 February 2016, we announced that Executive Board member Onno Verstegen decided to leave the company, in amicable agreement with Delta Lloyd. His successor as a member of the Executive Board will be announced in due course.

3.2.3.3 Solvency II and strengthening the capital position

The present business environment for insurance companies is challenging. Low interest rates affect the attractiveness of life insurance products and threaten profitability. In addition, the tightening of capital requirements under Solvency II requires Delta Lloyd to strengthen its capital position.

Solvency II, which came into force in January 2016, is a risk-based approach to capital, rather than the volume-based approach of the Solvency I (IGD) regime. Insurers must therefore hold more capital for underwriting, investment and operational risk. Ensuring Delta Lloyd is appropriately capitalised under Solvency II was a priority to which the Supervisory Board devoted a great deal of attention. When it became clear that the capital position was not optimised for the company to operate in a Solvency II context, we set up a special sub-committee to explore ways to improve this. This sub-committee comprised the Supervisory Board chair and the chairmen of the Risk and Audit committees.

Rights issue and capital measures

On 30 November 2015, Delta Lloyd announced its intention to launch a rights issue in 2016 to raise up to € 1 billion of additional equity capital. This is part of a broader plan of management actions and capital measures designed to ensure Delta Lloyd is strongly positioned in the new era of Solvency II. The rights issue is subject to shareholder approval at an Extraordinary General Meeting on 16 March 2016.

Despite Delta Lloyd's strong commercial and operational business, its business model is not sufficiently optimised for Solvency II. The development of the new Solvency II regulatory framework has been a long and complex process. We discussed the changes to the business mix made to optimise the balance sheet in anticipation of Solvency II some years ago. In 2015, the Executive Board decided to accelerate the shift towards lower risk, less volatile products and moving the investment portfolio towards higher Solvency II risk-adjusted returns and generation of cash and capital. Despite this, the legacy of defined benefit pension schemes still impacted Delta Lloyd's capital position.

As was announced on 30 November 2015, during the past year Delta Lloyd implemented a broad plan of management actions and capital measures designed to ensure it enters the new Solvency II era from a position of strength.

Notwithstanding these management actions and further actions management plans to implement, we concluded that there was a need to further strengthen the capital position of the Group holding company. While we remain confident of the capital-generating capacity of the underlying business, we believe that raising additional capital through a rights issue is necessary to bolster the holding company's capital position and allow Delta Lloyd to succeed under the new regulatory regime. We considered other options, such as gradually accruing capital over time, or implementing a significant structural de-risking strategy, or a combination of these, but believe that such alternative routes would leave Delta Lloyd more exposed and jeopardise the position of its stakeholders, including shareholders.

As a result of these measures, including the rights issue, we expect Delta Lloyd to reach a solvency position that will allow the holding company to absorb reasonable severe stress scenarios and material uncertainties relating to the interpretation of the new Solvency II regime currently under discussion. We also consider this the right level to protect Delta Lloyd's credit rating. Supported by strong commercial and operational performance, we believe these actions will give Delta Lloyd a good foundation from which to execute the strategy and deliver solid returns to shareholders and further safeguard the interests of its stakeholders.

Solvency II standard formula

In the past year, Delta Lloyd observed volatility in its Solvency II ratio, which was predominantly caused by adjustments to the Internal Model during the approval process. In the third quarter, the Executive Board conducted a full review of the partial Internal Model used to calculate Delta Lloyd's capital requirements and concluded that it continued to run into difficulties and to produce volatile results. Consequently, the Executive Board decided to switch to the more prescriptive Standard Formula under Solvency II and to implement a significant plan of management actions and capital measures to ensure Delta Lloyd is successful under Solvency II.

The Executive Board and Supervisory Board believe the partial Internal Model better reflects the risks specific to Delta Lloyd and work to test and refine this model is continuing. The Supervisory Board supports the intention to implement the partial Internal Model in the medium term, following satisfactory testing results and in consultation with the Dutch and Belgian central banks.

3.2.4 Dividend policy

We recognise that a base of long-term shareholders and a stable and secure dividend policy are essential to retaining access to capital markets. This access is vital in order to fulfil Delta Lloyd's capital needs as an insurance company.

Delta Lloyd's updated dividend policy for 2016 and the years thereafter will provide stable dividends for its shareholders, supported by the underlying targeted capital generation. Its target for 2016 is for a total of dividend of € 130 million, subject to internal Solvency II thresholds. This is higher than the cash portion of the dividend it has paid in any of the last three years. The interim dividend for 2016 will be payable in 2016 and the final dividend in 2017. Shareholders still have a choice whether to be paid in cash or shares. In order to manage the dilutive effect of any stock dividend, Delta Lloyd intends to repurchase ordinary shares. The total dividend for 2015 equals the interim dividend of € 0.42 per ordinary share, which was paid in September 2015.

3.2.5 Risk management

Risk is intrinsic to the insurance industry and therefore also to Delta Lloyd. The Supervisory Board pays close attention to this, especially in light of the findings of our own internal review of the risk and compliance functions following Delta Lloyd's dispute with DNB. Improvements were made to these functions at Delta Lloyd and Delta Lloyd Asset Management in 2015, enforcing the first and second lines of defence.

The decision to separate risk management from the responsibilities of the CFO and bring it in under the control of a CRO reflects the importance of risk management in the organisation.

During the year, the Executive Board and risk organisation regularly updated the Supervisory Board about the main risks facing Delta Lloyd. These risks stem from low interest rates and longevity, which affects the long-term liabilities of the Life business, and cyber crime and data loss.

The Supervisory Board discussed and approved the Group Risk Appetite Statement and the risk governance framework.

3.2.6 Sustainability

The Supervisory Board supports the Sustainable Impact programme that was implemented in 2015. The programme aims to embed practical sustainable actions in Delta Lloyd's strategy and its business model that will make a difference to society. These include helping to prepare people for retirement, fighting poverty and providing products for industries such as renewable energy. The Sustainable Impact programme is based on three pillars – responsible investments, responsible insurance and the Delta Lloyd Foundation.

3.2.7 Other issues

3.2.7.1 Diversity

With the appointment of Annemarie Mijer to the Executive Board in 2015, two of its five members (40%) are women. We are delighted with this development and continue to actively seek opportunities to enhance gender diversity at all management levels of Delta Lloyd. The Supervisory Board itself aims for a gender balance of at least 30% female members. In 2015, two of our members were women.

3.2.7.2 Lifelong learning

Supervisory Board members attended several internal workshops and learning modules during the course of the year, in line with our commitment to lifelong learning. Among the subjects covered were Solvency II and Delta Lloyd's internal model; corporate legal topics; IT management; and organising innovation.

3.2.8 Supervisory Board composition

Supervisory Board Chairman Jean Frijns announced in August that he would step down on 1 October following the outcome of the legal dispute with DNB. Rob Ruijter, who had been due to take over the chair at the next AGM in May 2016, became chairman on that date. Eric Fischer took over as chairman of the Remuneration Committee. The Supervisory Board is still looking to fill its vacancies and focuses on candidates with insurance experience as well as technology expertise.

3.2.9 Supervisory Board meetings

The Supervisory Board met 19 times in 2015. Five of these were regular meetings. The rest were convened to discuss particular topics: two meetings were devoted to the company strategy; one discussed the decision to issue a 10% equity offering in March; five related to the dispute with the Dutch central bank; one centred on the annual General Meeting of Shareholders and the announcement of the new chief risk officer; and at five extra meetings the members discussed the rights issue announced on 30 November. Attendance at the regular meetings was 100%. In nearly all extra meetings the full Supervisory Board was present, except for two meetings where one member was not available, but was closely involved and fully updated the following day.

Additional meetings took place between the Supervisory Board chairman and the chairmen of the Risk and Audit Committees to discuss the rights issue; and between the Supervisory Board chairman and the chairmen of the Remuneration Committee and Audit Committee to discuss the dispute with DNB. There was also a great deal of bilateral contact between individual Supervisory Board members outside the meetings.

Between meetings, the chairman of the Supervisory Board maintained intensive contact with the chairman of the Executive Board concerning general affairs.

The chairman of the Audit Committee had frequent contact with the CFO and his staff. The chairman of the Risk Committee held frequent talks with the CRO, the chairman of the Executive Board and the CFO. The chairmen of the Remuneration Committee and the Nomination Committee had direct contact with the Chairman of the Executive Board, who is responsible for human resource management, and the respective corporate staff director.

As the Supervisory Board, we take an active interest in developing talent in the management layer immediately beneath the Executive Board. To this end, we seek contact with individual managers. The Supervisory Board frequently interacts with the Works Council and our members take turns to attend its regular meetings with the Executive Board. There were also informal consultations between the chairmen of the Supervisory and Executive Boards and the executive committee of the Works Council. The Supervisory Board monitors the subjects raised in the consultative meetings and appreciates the contact with the Works Council.

3.2.10 Supervisory Board committees

The Supervisory Board organises its tasks across four committees: the Audit Committee, Risk Committee, Remuneration Committee and Nomination Committee.

The committees prepare their specific subjects ahead of decision-making in the plenary meetings of the Supervisory Board. Each committee reports its findings to the full Supervisory Board through its chairman. The committees also provide written reports on the items discussed.

3.2.10.1 Audit Committee

The Audit Committee met six times in 2015. The meetings were attended by the CFO (or his interim replacement) and the chairman of the Executive Board as well as various senior executives and the CRO after her appointment. The external auditor was present for five of the meetings.

The members of the Audit Committee in 2015 were Jan Haars (chair), Fieke van der Lecq, Rob Ruijter and André Bergen.

The main topics the Audit Committee discussed are outlined below.

Capital position

The committee discussed the company's capital position in light of the change from IGD solvency to Solvency II. The management actions such as the equity offering of 19.9 million shares in March and the disposal of Delta Lloyd Bank Belgium and Delta Lloyd Deutschland to bolster solvency, and the upcoming rights issue in 2016, were major topics of discussion. The committee recommended on the approval of declaring an interim dividend and discussed adjustments to the dividend policy to boost solvency. It also discussed various other measures to reduce capital consumption and the anticipated level of the cash dividend after the rights issue.

Reporting

The Audit Committee discussed the company's financial management reporting, focusing on operating income and IFRS results. It discussed the reports prepared by the Actuarial, Internal Audit and Integrity departments. Other topics on the agenda were: the possibility of changing the operational result formula to align it more to Solvency II; progress on Solvency II reporting; IT controls; yield curves for IFRS, Solvency II and IGD; the classification of the Van Lanschot investment; pension accounting; accounting treatment of the AFM and DNB fines; the tax position; credit rating; the valuation of various asset classes such as the mortgage portfolio; the divestments of Delta Lloyd Deutschland and the Belgian bank; and the plan for 2016.

Governance

The committee dealt with the consequences of the CFO stepping down in August and the related governance issues for the finance function. It was actively involved in the CFO succession process. In the interim, Executive Board member Onno Verstegen took on the CFO's responsibilities. The committee monitored the progress of Delta Lloyd's governance improvement programme. Furthermore, the Audit Committee bylaws were updated and the new version was uploaded to the corporate website.

Internal control framework, internal audit, integrity and compliance

The Internal Audit and Integrity departments report to the Audit Committee and various issues were extensively discussed. These included equity portfolio management at Asset Management and the risk management audit. The committee gained more insight into the IT risks the company faces and measures to mitigate these.

External auditor

The external auditor attended five of the six Audit Committee meetings. They actively participated in the discussions and gave their opinion on quarterly results press releases and informed the committee of their views on the financial management of the company through the management letter.

Management letter

On 15 December 2015, the Audit Committee discussed the management letter with the Executive Board and the external auditor. A subject flagged in the letter was the predictability of the forecasted financial position and results, as well as observations in relation to the remediation of this risk such as the organisation's change capacity, style of management, knowledge retention and the complexity of issues. The Audit Committee discussed these subjects with management, and decided to continue monitoring the implementation and effectiveness of the respective policy measures.

At the annual shareholders meeting in May 2015, the Audit Committee proposed reappointing the external auditor for the financial year 2015, with the option to extend this for the two subsequent financial years, dependent upon new legislation. This recommendation is based on the committee's evaluation of the quality of the audit process, the auditor's independence and its working relationship with management.

3.2.10.2 Risk Committee

The Risk Committee, chaired by André Bergen, met five times in 2015. The other committee members are Eric Fischer, who replaced Jean Frijns after his departure, Fieke van der Lecq and Rob Ruijter.

Solvency, longevity risk and interest rate risk are the key risk themes for an insurance company, and these were discussed at every meeting. In the run-up to Solvency II, the Risk Committee devoted specific attention to Delta Lloyd's capital position and the metrics for assessing its risk and solvency needs under the new regulatory regime. Recurring topics on its agenda included the risk management framework, quarterly risk profile updates, the Group risk appetite statement, the financial risk report and the Own Risk and Solvency Assessment (ORSA) report.

The committee used the quarterly risk profile update as a basis to discuss the most important risks facing Delta Lloyd. The main topics discussed by the Risk Committee are outlined below.

Financial risks

The Risk Committee discussed the impact of Solvency II on Delta Lloyd's capital position and its risk profile. The choice of model for calculating Delta Lloyd's risk and solvency needs was discussed at length. The committee recommended on the approval of the Executive Board's decision to use the standard formula and to continue refining and testing the partial internal model. Measures to strengthen Delta Lloyd's capital position under Solvency II were another prominent issue. These included the upcoming rights issue and a proposal to divest the private equity portfolio.

The Risk Committee proposed measures to hedge the longevity risk, including a second swap transaction with Reinsurance Group of America (RGA), which transferred a part of Delta Lloyd's longevity exposure to the reinsurance market.

Operational and IT risks

The digitalisation of information as businesses move online means companies today face an extensive spectrum of operational, non-financial risks ranging from business continuity to compliance and reputation risks. The Risk Committee also discussed the IT risk reports, which include the risk of outages, cybercrime, fraud and legacy.

Risk governance

The committee discussed risk and compliance management throughout the company. The Risk Committee holds preparatory discussions on risk management and the accompanying documents. The most important risk documents are placed on the agenda of plenary meetings of the Supervisory Board. Every quarter, the Supervisory Board discusses the risk profile update and the financial risk report. The Group risk appetite statement defines the overall risk appetite and gives a detailed indication of the acceptable levels for the identified risks. It is reviewed and approved annually.

3.2.10.3 Remuneration Committee

The Remuneration Committee met five times in 2015. Its current members are Eric Fischer, Rob Ruijter, Jan Haars and Clara Streit. Eric Fischer took over as chairman on 1 October when Rob Ruijter was appointed chairman of the Supervisory Board.

This committee is responsible for drawing up the remuneration policy and advising the Supervisory Board on remuneration. Its standard duties include assessing achievement of the Executive Board's performance targets and setting targets for short-term and long-term incentives. In 2015, the Remuneration Committee paid particular attention to the following topics.

Variable remuneration

In 2015, the Remuneration Committee discussed the variable remuneration of the Executive Board and of directors and managers in control positions. The variable remuneration is subject to achieving set performance targets. Given that new Dutch legislation caps variable remuneration at 20% of the fixed salary, the Remuneration Committee is reconsidering the number of performance targets that Executive Board members must achieve to qualify for variable remuneration. These are specific and measurable financial and non-financial targets based on Delta Lloyd's strategy and long-term objectives.

To safeguard the interests of stakeholders, variable remuneration for the Executive Board is paid exclusively in shares. In addition, these shares are subject to a lock-up period of five years. Half of the variable remuneration vests at the end of the performance period (immediate variable remuneration) and the rest vests in three equal tranches, over a period of three years (deferred variable remuneration), subject to a possible adjustment based on the ex-post risk analysis.

In light of the outcome of the dispute with DNB, the Remuneration Committee used its discretionary powers to claw back the variable remuneration awarded to Executive Board members for their 2012 performance. See section 3.2.3.1 'Dispute with DNB'.

CFO remuneration

The Remuneration Committee discussed the compensation and benefits package of new CFO Clifford Abrahams, including a sign-on bonus. In accordance with the guidelines of the Dutch Corporate Governance Code, he is subject to the compensation and benefits package for Executive Board members. His fixed annual salary is € 856,859. Variable remuneration is capped at 20% of his fixed salary and will be paid exclusively in the form of ordinary shares that are subject to a lock-up period of two to four years. In addition, he will receive a sign-on bonus of € 828,000 to bridge the gap between his UK salary and his salary at Delta Lloyd, which is based on Dutch norms. The sign-on bonus is governed by all statutory and regulatory requirements; 50% will be paid in shares and 50% in cash. The Remuneration Committee will set the performance criteria for his sign-on bonus.

For more information, please see section 3.3 'Remuneration report'.

Benchmark peer group

Assisted by external advisors, the Remuneration Committee monitors remuneration policy trends and developments and regularly assesses whether current policy corresponds with the latest market practices and corporate governance provisions. In 2015, we asked the Hay Group to review the composition of the peer group by which we benchmark the salaries of our Executive Board. This concerns companies in a cross-industry group, as well as a peer group of financial service providers, which had not been revised since 2009. This was discussed with shareholders at the AGM of 2015, and the new peer group was approved.

In the cross-industry group of 15 AEX companies, we now include NN Group, KPN, Arcadis and TomTom. Here, our market position is around the median. The financial services group comprises 16 companies from the eurozone, Benelux and Scandinavia, with a focus on insurers and large Dutch banks. New to the group are Belgian Ageas and AXA Belgium, Austria's Vienna Ins and Sampo of Finland. Here, too, Delta Lloyd is around the median.

The Remuneration Committee also reviewed the disability pension of Executive Board members.

3.2.10.4 Nomination Committee

The Nomination Committee met nine times in 2015. It is chaired by Clara Streit. The other members are André Bergen, Rob Ruijter and Eric Fischer. Jean Frijns left the Supervisory Board on 1 October 2015 and consequently the Nomination Committee. Rob Ruijter replaced him in the Nomination Committee.

The committee's standard duties include assessing the size and the composition of the Supervisory Board and Executive Board and the functioning of its individual members, succession planning, preparing for appointments, and monitoring corporate governance.

A key activity for the Nomination Committee in 2015 was selecting a new chief financial officer and a chief risk officer for the Executive Board, as well as new members for the Supervisory Board.

The committee developed detailed profiles for each of the positions, assessed all the candidates and monitored the overall selection process and appointment of the new members. It worked closely with the full Supervisory Board on this and consulted the Works Council. The search was supported by external experts.

For the CFO position, the Nomination Committee sought an experienced leader with an in-depth knowledge of the insurance business and capital markets. The selection of Clifford Abrahams meets these criteria.

The search for a CRO began in 2014 and in February 2015 the Supervisory Board announced the appointment of Annemarie Mijer, who brings years of risk management experience to the role.

The Nomination Committee also initiated a search process to fill the vacancies in the Supervisory Board following the departure of Jean Frijns in October 2015 and Patrick Regan in 2014. The search process focuses on candidates with insurance experience as well as technology expertise, given the growing role of information technology in Delta Lloyd's business model.

3.2.10.5 Governance and remuneration

Profile and vacancies

The profile of the Supervisory Board is based on the company's business objectives and main risks. In performing its duties, the Supervisory Board aims to have significant expertise, knowledge and experience available in four areas:

- Management, organisation and communication;
- The company's products, services and markets;
- Controlled and sound operations; and
- Balanced and consistent decision-making.

We strive for a Supervisory Board composition that contains all these elements.

The composition of the Supervisory Board changed in 2015 with the departure of chairman Jean Frijns. Rob Ruijter became chairman of the Supervisory Board in October 2015. He had been due to become chairman at the next AGM in May 2016. Mr Ruijter has been a member of the Supervisory Board since May 2014.

All members of the Supervisory Board are independent of the company in the sense meant by the Dutch Corporate Governance Code.

The current membership of the Supervisory Board is set out in section 3.1.2 of this annual report. The relevant biographical details of the Supervisory Board members can be found on our website.

Self-evaluation Supervisory Board

Every year, the Supervisory Board evaluates its own functioning and that of its separate committees and individual members, in accordance with best practice provision III.1.7 of the Dutch Corporate Governance Code. Once every three years, it is assisted in its self-evaluation by an external consultant. Over financial year 2015, the Supervisory Board conducted a self-assessment of its functioning, its committees and its individual members. It also evaluated the engagement of the individual members, its relationship with the Executive Board, the culture within the Supervisory Board, the effectiveness of its permanent education programme and the role of committees versus the role of the full Supervisory Board.

Executive Board remuneration

In 2015, the Netherlands introduced legislation that caps bonuses for financial sector employees at 20% of their annual salary. In view of this, the Supervisory Board proposed to increase fixed remuneration and reduce the variable remuneration of Executive Board members in anticipation of the change. The proposal was accepted by shareholders at the General Meeting on 23 May 2013. The Supervisory Board believes that the financial strength of a company is best served by a remuneration policy that can expand or contract with the company's long-term success. To safeguard shareholders interest, the increase in fixed remuneration has been paid out in the form of shares and the payment of variable compensation will be paid exclusively in shares.

Supervisory Board remuneration

Supervisory Board remuneration did not change in 2015.

3.2.11 Financial statements and profit appropriation

In accordance with the provisions of Section 2:101(3) of the Dutch Civil Code, we submit the financial statements drawn up by the Executive Board to the General Meeting of Shareholders for adoption.

Taking into account the unqualified auditor's report of Ernst & Young Accountants LLP, which is included in this annual report, we recommend that the shareholders adopt the financial statements.

In view of the positive operational result after tax and non-controlling interests, and in accordance with Article 44 of the Articles of Association, the Supervisory Board approves the Executive Board's decision to pay out a dividend. The dividend proposal is contained in section 4.3.1.

3.2.12 A word of thanks

We are grateful to Jean Frijns and Emiel Roozen for their commitment, dedication and expertise over the years and appreciate the valuable contribution they made to Delta Lloyd.

We wish to thank our shareholders for their continuing support in a challenging year. We are grateful to the Executive Board for its leadership and would like to thank all the company's employees, who once again displayed their professionalism and dedication in 2015.

The Supervisory Board

Rob Ruijter

Eric Fischer

Jan Haars

André Bergen

Fieke van der Lecq

Clara Streit

3.3 Remuneration report 2015

This report sets out Delta Lloyd's remuneration policy for members of the Executive Board and Supervisory Board and the remuneration paid in 2015. In line with market practice this Remuneration report also contains information about the variable incentive plan (VIP) for 2015, which is to be paid out in 2016. It also provides a view of the remuneration policy the Supervisory Board envisages for the coming years.

3.3.1 Remuneration policy

The primary objective of the remuneration policy is to enable Delta Lloyd to recruit, retain and motivate employees and to stimulate excellent performance. The policy aligns with and strengthens the strategy and core values of Delta Lloyd (honesty, approachability and working together). It is prudent, moderate and sustainable and meets the requirements of Delta Lloyd's risk policy, the law and regulations. The policy dates from 2011 and was amended in May 2013 and July 2015.

3.3.2 Governance of the remuneration policy

The Executive Board is responsible for determining the company-wide remuneration policy, except for its own remuneration, which is proposed by the Supervisory Board and approved by shareholders at the General Meeting.

The Remuneration Committee prepares the Supervisory Board decisions on matters within its remit. The committee reports its findings and recommendations to the Supervisory Board which is collectively responsible for fulfilling the duties delegated to the Remuneration Committee. The Remuneration Committee comprises of four members of the Supervisory Board: Eric Fischer (chairman since October 2015), Rob Ruijter (chairman until October 2015), Jan Haars and Clara Streit. See section 3.2.10.3 for the committee's activities in 2015.

The Supervisory Board decides on the proposed remuneration and checks that it is consistent with risk management and complies with the principles of restrained remuneration. Scenario analyses are used to determine the amount and structure of remuneration for members of the Executive Board. The Supervisory Board determines the level of remuneration for individual members of the Executive Board as well as executive managers in control functions (Group HRM & Business Development, Group Compliance & Integrity, Group Audit and Group Actuarial & Risk Management).

The Executive Board and the Remuneration Committee are advised by the Remuneration Policy Governance Committee (RPGC). Set up in 2011, the RPGC consists of representatives from Group HRM & Business Development (chairman), Group Compliance & Integrity, Group Audit and Group Actuarial & Risk Management. The RPGC monitors, flags and supervises the risks in the remuneration policy as well as its execution. The RPGC provides information to the Executive Board and the Remuneration Committee about the implementation of the remuneration policy, for example, by preparing annual risk analyses and ex-ante and ex-post analyses.

3.3.3 Remuneration policy for the Executive Board

The remuneration package for Executive Board members has three components: the base salary, a variable incentive plan and a pension plan. The remuneration policy applies to both current and former members of the Executive Board. The remuneration costs are not allocated to the business units and are a part of Delta Lloyd's annual results.

The base salary and variable incentive plan together make up the total direct compensation. To determine whether the total direct compensation is in reasonable proportion to the remuneration policy, an external party conducts a survey every two years. The benchmark survey compares the compensation of the Executive Board members – both base and variable remuneration – against relevant external markets: a peer group of financial institutions and a cross-industry group of comparable businesses. The composition of the reference groups also takes into account the international context. The cross-industry group includes both Dutch and international companies. Selecting the appropriate remuneration level for Delta Lloyd's Executive Board is guided by the median of the two peer groups.

Base salary

The base salary of the Executive Board members changed in 2015 to comply with new legislation governing variable remuneration in the financial sector in the Netherlands. The base salary was adjusted on an average base/variable conversion of 37% (as adopted by the General Meeting of Shareholders on 23 May 2013) to compensate for the 30% reduction in variable remuneration. At its meeting on 31 October 2014 the Supervisory Board, on advice of the Remuneration Committee, decided to pay the reduction of variable remuneration exclusively in the form of shares to the Executive Board members and not to apply any regular salary increase.

In anticipation of the new legislation, the ratio of base to variable remuneration was changed in the package of the new Executive Board chairman Hans van der Noordaa. The variable portion of his remuneration is capped at 20% of his base salary.

Variable incentive plans

On 31 December 2015, there were two types of variable incentive plans in force at Delta Lloyd for the Executive Board members: the previous long-term Delta Lloyd Phantom Option Plan and the Variable Incentive Plan (the Performance Share Plan 2010 is closed and was fully paid in 2013).

Phantom options were granted to members of the Executive Board from 2006 to 2009. No grants have been made under this plan since 2009. The phantom options for 2006, 2007 and 2008 have already expired. The phantom options for 2009 will expire at the end of 2016.

Variable Incentive Plans were introduced in 2011 and comprised 50% cash and 50% shares until 2012. No options were granted. In 2013, the General Meeting adopted a proposal to change the remuneration policy to bring it closer in line with the company's risk appetite and culture. Since 2013, the conditional grant on the Variable Incentive Plan is entirely in shares (deferred payments for performance years 2011 and 2012 are still made 50% in cash and 50% in shares). The variable incentive for the Executive Board members as a percentage of the base salary was adjusted from 100% at ambition level to 50% in 2014 (and from 150% to 75% at outperformance level). In 2015, the variable incentive for the Executive Board members was adjusted to 20% of the base salary at ambition level as well as outperformance level, in line with the new legislation.

Half of the variable remuneration vests at the end of the performance period (immediate variable remuneration) and the rest is vested in three equal tranches, over a period of three years (deferred variable remuneration), subject to a negative adjustment based on the ex-post risk analysis. Immediate and deferred variable remuneration is conditional on continued employment with Delta Lloyd until the variable remuneration vests and is subject to certain risk management measures.

From grant date, a five-year retention period applies to all shares granted to Executive Board members. After the shares vest unconditionally, they must be kept for a lock-up period of no less than two years and no more than four years. The shares cannot be traded during this period. Upon vesting, the Executive Board member is entitled to sell only part of the shares as needed to satisfy tax or social security obligations resulting from the vesting.

No variable remuneration is paid to members of the Executive Board for performance below the threshold. If the threshold is cleared, 12.5% of the variable remuneration will be awarded. Variable remuneration awarded at the conclusion of a performance period is capped at 20% of the base salary (outperformance level).

Performance measures

The variable remuneration awarded is subject to the achievement of set performance targets. At the end of the performance period the actual level of performance is assessed against the performance targets. On the basis of this comparison a variable remuneration percentage is fixed, subject to a negative adjustment based on the ex-ante risk analysis.

The performance targets are specific, measurable and are formulated and communicated at the beginning of each year. The financial and non-financial targets are broken down on a 50%-50% basis and are based on Delta Lloyd's strategy and long-term objectives. When the performance criteria are set, the various stakeholders are taken into account. The table displays the financial and non-financial targets in 2015 and 2014.

Financial targets

2015	2014
Business management objective (BMO) efficiency (operational expenses)	Business management objective (BMO) efficiency (operational expenses)
BMO life Group (new business margin), BMO life individual (new business margin), BMO non-life (COR)	BMO life (IRR), BMO non-life (COR) and bank (result after tax and non-controlling interest)
Equity (Solvency II score at end of 2015)	Equity (Solvency I score at end of 2014)
Total shareholder return	Total shareholder return
New business (NAPI-life, non-life and new money third party)	New business (NAPI-life, non-life and new money third party)
Operational result after tax and non-controlling interest	Operational result after tax and non-controlling interest

Non-financial targets

2015	2014
Putting the customer first	Putting the customer first
Sustainable employee engagement	Sustainable employee engagement
Compliance management	Stimulation of the compliance culture

In principle, the performance criteria for the group-wide remuneration policy are a combination of criteria at group, business unit and individual level. As the Executive Board has collective responsibility for the management of Delta Lloyd, individual performance targets for the Executive Board members represent around 15% of the overall target base while the remaining 85% are group targets. Payment of variable remuneration is conditional on achieving the set performance targets during a performance period of one year.

Supplementary risk management measure methods of the Supervisory Board

The Supervisory Board has the authority to adjust or reclaim variable remuneration.

The Supervisory Board may apply various supplementary risk management measures to the level of the remuneration. These measures are:

- The ex-ante analysis tests: Test whether, amongst others, the economic capital ratio has been achieved. This is to award the variable remuneration at the end of the performance period.

- The ex-post analysis: A reassessment by Group Compliance & Integrity conducted before the vesting date of the deferred variable remuneration. The results of this reassessment are submitted to the Supervisory Board and may result in a downward adjustment of deferred variable remuneration.
- Clawback: The Supervisory Board may recover all or part of any variable remuneration paid from the participant, even after vesting, if it proves to have been awarded on the basis of incorrect financial or other data or if, due to exceptional circumstances, the award cannot be justified as fair and equitable. This arrangement is in place for up to five years after the variable remuneration is granted.

Furthermore the Supervisory Board retains the right to adjust the variable incentive downwards if:

- There is evidence of misconduct or gross error by the eligible Executive Board member (for example, a breach of the code of conduct or other internal regulations);
- Delta Lloyd suffers a significant decline in its financial performance;
- Delta Lloyd suffers major failures of risk management;
- There are major changes in the economic or regulatory capital requirements; or
- It believes it would otherwise create an unfair or unintended result.

Pensions of the Executive Board

The members of the Executive Board participate in Delta Lloyd's pension plan. There is a dedicated scheme for senior management and members of the Executive Board. New legislation in 2015 reduced the maximum pension accrued to 1.875% (from 2.15%) of the full pensionable salary. The part of the pensionable salary above € 100,000 is built up based on a defined contribution scheme, which is accommodated by BeFrank (PPI). There are no arrangements for early retirement.

The pension plan for the Executive Board members is a defined benefit plan. This plan differs in certain respects from that for the employees and is as follows (in euros):

- The annual dependants' pension is 70% of the retirement pension;
- The maximum insurable occupational disability pension is € 265,552 per year. The chairman of the Board has a higher cover of € 577,262 compared to € 336,869 (2014: € 336,869) for the other Executive Board members.

Terms of employment and severance pay

The members of the Executive Board are employed on the basis of a permanent employment contract. Under the terms of employment:

- Members of the Executive Board are appointed for a period of four years, in accordance with the Dutch Corporate Governance Code;
- Members of the Executive Board receive severance pay of no more than one year's salary in line with the Corporate Governance Code, whose employment contracts were entered into before the Corporate Governance Code came into effect;
- Employment contracts may be terminated by the company with six months' notice.

Delta Lloyd's policy states that the company and its subsidiaries will not grant any personal loans, guarantees or similar arrangements to members of the Executive Board, except as required for the purposes of executing their normal duties, and subject to conditions applicable to all employees and the approval of the Supervisory Board.

3.3.4 Remuneration received by Executive Board members

Base salary and variable remuneration

In anticipation of the legislative changes introduced in 2015, which cap variable remuneration at 20% of the annual salary, the General Meeting of shareholders agreed in 2013 to apply a conversion ratio of 37% to keep the total direct compensation for Executive Board members on a par with the median market level. The conversion of variable pay into fixed compensation is paid in shares with conditions similar to those under the variable incentive plan (such as a five-year lock up period).

Due to the new legislation, it was decided to amend the ratio of base to variable remuneration in the package of Hans van der Noordaa, who became chairman of the Executive Board on 1 January 2015. His base salary is set at € 950,000 and his variable remuneration grant is capped at 20% of the base salary. The base salary of the other members of the Executive Board is set at € 592,500 (including holiday pay and a ‘13th month’) in cash and € 65,800 in Delta Lloyd shares. The number of shares is based on the average actual value of a single Delta Lloyd share during the first 10 trading days of the applicable calendar year.

Annemarie Mijer was appointed as an Executive Board member on 21 May 2015 and has the same base salary and variable remuneration as the other members of the Executive Board.

Chief Financial Officer (CFO) Emiel Roozen stepped down as member of the Executive Board on 3 August 2015 in the interest of Delta Lloyd after the court ruling upheld DNB arguments for imposing a fine. No final agreement has been reached yet about his termination conditions.

In light of Niek Hoek’s early retirement, his open-ended employment contract (dating from 1997) was terminated on 30 June 2015. He received one year's base salary (€ 800,000) to partially compensate for a shortfall in his pension and remained eligible for the variable incentive plan 2015 pro rata until 30 June 2015.

On 1 January 2016, Clifford Abrahams joined the Executive Board as CFO. His base salary is € 856,859 and the variable remuneration is capped at 20%. A sign-on bonus of up to € 828,000 was granted, of which 50% will be paid in cash and 50% in ordinary Delta Lloyd shares, to bridge the gap between his salary at Delta Lloyd, which is based on Dutch standards and laws, and his income in the United Kingdom. The bonus is governed by all statutory and regulatory requirements in respect of variable remuneration, including deferral, retention, performance criteria, pay-out in shares and claw back arrangements.

The following tables show the base salary, variable remuneration and pension costs of the individual members of the Executive Board. The difference of € 32,700 compared to the agreed base salary of Hans van der Noordaa is the result of the proportional payment of vacation allowance in May. The difference between € 65,800 base salary in shares as mentioned above and the amounts presented in the table is caused by the difference between the price of a Delta Lloyd share at the grant date (€ 15.48) and the payment date.

Executive Board members' salaries and incentives

In thousands of euros	2015	2014	2013
Hans van der Noordaa, chairman (from 1 January 2015)	**917.3**	**-**	**-**
Salary in cash	917.3	-	-
Paid variable remuneration in shares	-	-	-
Ingrid de Graaf (from 22 May 2014)	**802.2**	**352.7**	**-**
Salary in cash	592.5	352.7	-
Salary in shares	68.3	-	-
Paid variable remuneration in cash (VIP and Phantom options)	20.2	-	-
Paid variable remuneration in shares (VIP and PSP)	121.2	-	-
Annemarie Meijer (from 21 May 2015)	**385.1**	**-**	**-**
Salary in cash	348.8	-	-
Salary in shares	36.3	-	-
Paid variable remuneration in shares	-	-	-
Emiel Roozen (until 3 August 2015)	**590.1**	**872.5**	**832.3**
Salary in cash 2)	345.6	613.7	592.5
Salary in shares	39.8	-	-
Paid variable remuneration in cash (VIP and Phantom options)	33.4	33.4	94.5
Paid variable remuneration in shares (VIP and PSP)	171.3	225.4	145.3
Onno Verstegen	**880.1**	**873.9**	**846.7**
Salary in cash	592.5	592.5	592.5
Salary in shares	68.3	-	-
Paid variable remuneration in cash (VIP and Phantom options)	33.4	33.4	98.7
Paid variable remuneration in shares (VIP and PSP)	185.9	248.0	155.5
Niek Hoek (chairman until 1 January 2015)	**-**	**1,179.3**	**1,271.5**
Salary in cash	-	800.0	800.0
Paid variable remuneration in cash (VIP and Phantom options)	-	45.2	164.3
Paid variable remuneration in shares (VIP and PSP)	-	334.1	307.2
Paul Medendorp (until 1 December 2014)	**-**	**839.3**	**954.7**
Salary 1)	-	556.5	592.5
Paid variable remuneration in cash (VIP and Phantom options)	-	33.4	121.9
Paid variable remuneration in shares (VIP and PSP)	-	249.4	240.3
Total compensation paid	**3,574.8**	**4,117.7**	**3,905.2**

1) including € 13.4 holiday settlement in 2014

2) including € 21.2 work anniversary (12.5 years) in 2014

Pension expenses relating to members of the Executive Board

In thousands of euros	2015	2014	2013
Hans van der Noordaa, chairman	168.5	-	-
Ingrid de Graaf (from 22 May 2014)	106.7	44.7	-
Annemarie Meijer (from 21 May 2015)	60.5	-	-
Emiel Roozen (until 3 August 2015)	62.2	161.2	162.2
Onno Verstegen	119.6	161.2	162.2
Niek Hoek (chairman until 1 January 2015)	-	219.7	228.6
Paul Medendorp (until 1 December 2014)	-	147.7	162.2
Total	**517.5**	**734.5**	**715.2**

Former Executive Board members' salaries, incentives and pension expenses

In thousands of euros	2015	2014	2013
Niek Hoek (from 1 January 2015)	**1,654.4**	**-**	**-**
Transitional payment in cash (monthly until 30 June 2015)	427.5	-	-
Transitional payment in shares	46.1	-	-
Termination benefit	800.0	-	
Paid variable remuneration in cash	45.2	-	
Paid variable remuneration in shares	251.0	-	
Pension expense	84.6	-	-
Emiel Roozen (from 3 August 2015)	**319.9**	**-**	**-**
Transitional payment in cash	246.9	-	-
Transitional payment in shares	28.5	-	-
Pension expense	44.5	-	-
Henk Raué (from 1 April 2011)	**-**	**-**	**203.9**
Transitional payment (monthly until 1 March 2013)	-	-	57.1
Paid variable remuneration in shares	-	-	146.8
Paul Medendorp (from 1 December 2014)	**43.9**	**455.3**	**-**
Paid variable remuneration in cash	33.3	455.3	-
Pension expense	10.6	-	-
Total	**2,018.2**	**455.3**	**203.9**

Crisis levy of taxable income

The measure of the Dutch Government to impose an additional levy of 16% on the incomes above € 150,000 of the employees who pay Dutch income tax was stopped in 2014. The crisis levy of the Executive Board members in 2013 totalling € 600,000 is not included in the table above.

Conditional shares

The table below presents information about shares granted to Executive Board members under the Variable Incentive Plan but which they do not control. It presents information on conditional shares granted by year of remuneration, stating the number granted and the maximum number to be vested (this is the maximum number still attainable at 1 January 2016) as a result of achieving set targets or the discretionary decision of the Supervisory Board.

The Supervisory Board used its discretionary power to adjust downwards the second, third and fourth tranche of the variable remuneration for 2012 to 0%, and to lower the variable remuneration for 2013 with a percentage matching the value of the first tranche of variable remuneration awarded to Executive Board members for 2012.

Ingrid de Graaf was appointed as an Executive Board member on 22 May 2014. Conditional shares granted until that date (including 2014) relate to her previous functions.

As noted above, the performance of the Executive Board members is assessed based on whether they achieve the targets set at the start of the year. The Supervisory Board accepted the Remuneration Committee’s recommendation that no variable remuneration should be awarded for 2015.

Conditional shares of Executive Board members and timing of payment (subject to performance conditions) ***

In number of shares	Conditional granted	Maximum vesting	2012	2013	2014	2015	2016	2017	2018
Hans van der Noordaa	**-**	**-**					**-**	**-**	**-**
VIP 2015*	-	-					-	-	-
Ingrid de Graaf (from 22 May 2014)	**13,365**	**15,901**	**-**	**-**	**-**	**7,620**	**3,746**	**3,058**	**1,476**
VIP 2015*	-	-					-	-	-
VIP 2014	13,365	8,860				4,430	1,477	1,477	1,476
VIP 2013**	-	4,744	-	-	-	1,581	1,581	1,581	
VIP 2012**	-	1,378	-	-	-	690	688		
VIP 2011**	-	919	-	-	-	919			
Annemarie Meijer (from 21 May 2015)	**-**	**-**					**-**	**-**	**-**
VIP 2015*	-	-					-	-	-
Onno Verstegen	**91,438**	**57,523**	**7,234**	**12,050**	**13,512**	**11,719**	**5,569**	**5,570**	**1,869**
VIP 2015*	-	-					-	-	-
VIP 2014	18,060	11,215				5,608	1,869	1,869	1,869
VIP 2013	25,972	22,202			11,101	3,700	3,700	3,701	
VIP 2012	23,040	5,413		5,413	-	-	-		
VIP 2011	17,347	14,467	7,234	2,411	2,411	2,411			
PSP 2010	7,019	4,226		4,226					
Total number held by all members	**104,803**	**73,424**	**7,234**	**12,050**	**13,512**	**19,339**	**9,315**	**8,628**	**3,345**

* the Supervisory Board has used the discretionary right to decide that no VIP 2015 will be paid

** grants made before Ingrid de Graaf became member of the Executive Board

*** lock-up period of the shares ends on 1 January, five years after grant date (irrespective of the payment date)

Conditional shares of former Executive Board members and timing of payment (subject to performance conditions) *

In number of shares	Conditional granted	Maximum vesting	2012	2013	2014	2015	2016	2017	2018
Emiel Roozen (until 3 August 2015)	**90,843**	**53,233**	**7,234**	**11,258**	**12,283**	**10,790**	**4,987**	**4,986**	**1,695**
VIP 2015**	-	-					-	-	-
VIP 2014	18,060	10,175				5,088	1,696	1,696	1,695
VIP 2013	25,972	19,744			9,872	3,291	3,291	3,290	
VIP 2012	23,040	4,981		4,981	-	-	-		
VIP 2011	17,347	14,467	7,234	2,411	2,411	2,411			
PSP 2010	6,424	3,866		3,866					
Niek Hoek (chairman until 1 January 2015)	**138,065**	**85,789**	**9,796**	**24,445**	**18,202**	**15,817**	**7,503**	**7,503**	**2,523**
VIP 2015**	-	-					-	-	-
VIP 2014	24,385	15,143				7,572	2,524	2,524	2,523
VIP 2013	35,067	29,874			14,937	4,979	4,979	4,979	
VIP 2012	31,104	6,724		6,724	-	-	-		
VIP 2011	23,492	19,592	9,796	3,265	3,265	3,266			
PSP 2010	24,017	14,456		14,456					
Paul Medendorp (until 1 December2014)	**102,154**	**63,149**	**7,234**	**18,499**	**13,464**	**11,339**	**5,432**	**5,433**	**1,748**
VIP 2014	18,060	10,488				5,244	1,748	1,748	1,748
VIP 2013	25,972	22,106			11,053	3,684	3,684	3,685	
VIP 2012	23,040	5,413		5,413	-	-	-		
VIP 2011	17,347	14,467	7,234	2,411	2,411	2,411			
PSP 2010	17,735	10,675		10,675					
Total number held by former members	**331,062**	**202,171**	**24,264**	**54,202**	**43,949**	**37,946**	**17,922**	**17,922**	**5,966**

* lock-up period of the shares ends on 1 January, five years after grant date (irrespective of the payment date)

** the Supervisory Board has used the discretionary right to decide that no VIP 2015 will be paid

Executive Board members' conditional share numbers and values

	Granted number of shares	Value of grants in €1,000**	Awarded number to vest	Value of vested paid in €1,000**	Value of vested unpaid in €1,000***	Total (expected) value vested in €1,000
Hans van der Noordaa, chairman	**-**	**-**	**-**	**-**	**-**	**-**
VIP 2015*	-	-	-	-	-	-
Ingrid de Graaf (from 22 May 2014)	**13,365**	**219.2**	**15,901**	**121.3**	**45.0**	**166.3**
VIP 2015*	-	-	-	-	-	-
VIP 2014	13,365	219.2	8,860	70.0	24.1	94.1
VIP 2013 ****	-	-	4,744	25.2	17.2	42.4
VIP 2012 ****	-	-	1,378	11.2	3.7	14.9
VIP 2011 ****	-	-	919	14.9	-	14.9
Annemarie Meijer (from 21 May 2015)	**-**	**-**	**-**	**-**	**-**	**-**
VIP 2015*	-	-	-	-	-	-
Onno Verstegen	**84,419**	**1,092.5**	**53,297**	**626.6**	**70.8**	**697.4**
VIP 2015*	-	-	-	-	-	-
VIP 2014	18,060	296.3	11,215	88.0	30.5	118.5

Executive Board members' conditional share numbers and values

	Granted number of shares	Value of grants in €1,000**	Awarded number to vest	Value of vested paid in €1,000**	Value of vested unpaid in €1,000***	Total (expected) value vested in €1,000
VIP 2013	25,972	296.3	22,202	263.5	40.3	303.8
VIP 2012	23,040	250.0	5,413	68.9	-	68.9
VIP 2011	17,347	250.0	14,467	206.2	-	206.2
Total of all members	**97,784**	**1,311.7**	**69,198**	**747.9**	**115.8**	**863.7**

* the Supervisory Board has used the discretionary right to decide that no VIP 2015 will be paid

** based on the calculated share price at grant date

*** based on the share price of € 5.45 at 31 December 2015

**** all grants were made before Ingrid de Graaf became a member of the Executive Board. Therefore only the outstanding conditional grants at 31 December 2014 are included

Former Executive Board members' conditional share numbers and values

	Granted number of shares	Value of grants in €1,000**	Awarded number to vest	Value of vested paid in €1,000**	Value of vested unpaid in €1,000***	Total (expected) value vested in €1,000
Emiel Roozen (until 3 August 2015)	**84,419**	**1,092.6**	**49,367**	**583.8**	**63.5**	**647.3**
VIP 2015*	-	-	-	-	-	-
VIP 2014	18,060	296.3	10,175	79.8	27.7	107.5
VIP 2013	25,972	296.3	19,744	234.4	35.8	270.2
VIP 2012	23,040	250.0	4,981	63.4	-	63.4
VIP 2011	17,347	250.0	14,467	206.2	-	206.2
Niek Hoek (chairman until 1 January 2015)	**114,048**	**1,475.0**	**71,333**	**827.9**	**95.4**	**923.3**
VIP 2015*	-	-	-	-	-	-
VIP 2014	24,385	400.0	15,143	118.8	41.2	160.0
VIP 2013	35,067	400.0	29,874	354.6	54.2	408.8
VIP 2012	31,104	337.5	6,724	78.1	-	78.1
VIP 2011	23,492	337.5	19,592	276.4	-	276.4
Paul Medendorp (member until 1 December 2014)	**84,419**	**1,092.5**	**52,474**	**622.2**	**68.7**	**690.9**
VIP 2014	18,060	296.3	10,488	82.3	28.6	110.9
VIP 2013	25,972	296.3	22,106	262.4	40.1	302.5
VIP 2012	23,040	250.0	5,413	68.9	-	68.9
VIP 2011	17,347	250.0	14,467	208.6	-	208.6
Total of former members	**282,886**	**3,660.1**	**173,174**	**2,034**	**227.6**	**2,261.5**

* the Supervisory Board has used the discretionary right to decide that no VIP 2015 will be paid

** based on the calculated share price at grant date

*** based on the share price of € 5.45 at 31 December 2015

The next table presents the conditional cash grant to the members of the Executive Board under the Variable Incentive Plan. Cash was only granted in the incentive plans until 2013, since then the entire grant is paid in shares.

Conditional cash payments to Executive Board members under the variable incentive plan and timing of payment (subject to performance conditions)

in thousands of euros	Granted	Maximum vesting	2012	2013	2014	2015	2016
Ingrid de Graaf (from 22 May 2014)		**27.7**				**20.2**	**7.5**
VIP 2012		15.0				7.5	7.5
VIP 2011		12.7				12.7	
Onno Verstegen	**490.0**	**278.5**	**100.1**	**92.1**	**33.4**	**33.3**	**-**
VIP 2012	250.0	78.3		58.7	-	-	-
VIP 2011	240.0	200.2	100.1	33.4	33.4	33.3	
Total of all members	**490.0**	**306.2**	**100.1**	**92.1**	**33.4**	**53.5**	**7.5**

Conditional cash payments to former Executive Board members under the variable incentive plan and timing of payment (subject to performance conditions)

in thousands of euros	Granted	Maximum vesting	2012	2013	2014	2015	2016
Emiel Roozen (member until 3 August 2015)	**490.0**	**254.2**	**100.1**	**87.4**	**33.4**	**33.3**	**-**
VIP 2012	250.0	54.0		54.0	-	-	-
VIP 2011	240.0	200.2	100.1	33.4	33.4	33.3	
Niek Hoek (chairman until 1 January 2015)	**662.5**	**344.0**	**135.5**	**118.2**	**45.2**	**45.1**	**-**
VIP 2012	337.5	73.0		73.0	-	-	-
VIP 2011	325.0	271.0	135.5	45.2	45.2	45.1	
Paul Medendorp (member until 1 December 2014)	**490.0**	**258.9**	**100.1**	**92.1**	**33.4**	**33.3**	**-**
VIP 2012	250.0	58.7		58.7	-	-	-
VIP 2011	240.0	200.2	100.1	33.4	33.4	33.3	
Total of former members	**1,642.5**	**857.1**	**335.7**	**297.7**	**112.0**	**111.7**	**-**

Phantom options

The intrinsic value of outstanding phantom options on 31 December 2015 was nil because the Delta Lloyd NV share price of € 5.45 was lower than the exercise prices of the options granted in 2009. The remaining phantom options granted for 2008 expired without value. The characteristics and the number of outstanding phantom options on 31 December 2015 were as follows:

Phantom options of Executive Board members

	Vesting date	Expiry date	Exercise price (in euros) [1]	Number of options outstanding at 31 December 2014 1)	Number of options outstanding at 31 December 2015 1)	Total intrinsic value as at 31 December 2015 (in euros)
Ingrid de Graaf 2)						
2009	01- Jan-2012	31- Dec-2016	13.63	-	-	-
2008	01- Jan-2011	31- Dec-2015	22.10	16,467	-	-
Onno Verstegen 3)						
2009	01- Jan-2012	31- Dec-2016	13.63	32,995	32,995	-
2008	01- Jan-2011	31- Dec-2015	22.10	28,239	-	-

1) The number of options was adjusted based on the vesting percentages and on the conversion with regard to the change in the exercise price before and after the public offering.

2) All options were granted in the period before Ingrid de Graaf was a member of the Executive Board. As a consequence, the upper limit was set at 90% of the 12-month salary.

3) All options were granted in the period before Onno Verstegen was a member of the Executive Board. As a consequence, the upper limit was set at 90% of the 12-month salary, except for the year 2009, for which the upper limit was set at 110%.

Phantom options of former Executive Board members

	Vesting date	Expiry date	Exercise price (in euros) [1]	Number of options outstanding at 31 December 2014 1)	Number of options outstanding at 31 December 2015 1)	Total intrinsic value as at 31 December 2015 (in euros)
Emiel Roozen (member until 3 August 2015) 2)						
2009	01- Jan-2012	31- Dec-2016	13.63	25,735	25,735	-
2008	01- Jan-2011	31- Dec-2015	22.10	27,285	-	-
Niek Hoek (chairman until 1 January 2015)						
2009	01- Jan-2012	31- Dec-2016	13.63	131,254	131,254	-
2008	01- Jan-2011	31- Dec-2015	22.10	153,412	-	-
Paul Medendorp (member until 1 December 2014)						
2009	01- Jan-2012	31- Dec-2016	13.63	-	-	-
2008	01- Jan-2011	31- Dec-2015	22.10	99,092	-	-

1) The number of options was adjusted based on the vesting percentages and on the conversion with regard to the change in the exercise price before and after the public offering.

2) All options were granted in the period before Emiel Roozen was a member of the Executive Board. As a consequence, the upper limit was set at 90% of the 12-month salary.

No phantom options were exercised during 2015.

The conditional grants recognised in the financial statements differ from the amounts presented in the tables above because the liability in the financial statements is calculated on the basis of share-based payments (IFRS 2), it involves deferred employee benefits (see section 4.1.7.8 ‘Employee information’ for the methods and parameters used) and is calculated before the Supervisory Board decides on the target achievements of the Executive Board members over the current year and ex-post adjustments for previous years. The liability for VIP equity settled is part of the reported amount in equity line item Equity compensation plan (see section 4.1.4 ‘Consolidated statement of changes in equity’) and for the cash settled plans in the provision line item Employee equity compensation plan (see section 4.1.7.30 ‘Provisions for other liabilities’).

Financial statement liability at year-end

In thousands of euros	VIP equity settled	VIP cash settled	Phantom options	2015	2014
Hans van der Noordaa, chairman	129.2	-	-	129.2	-
Ingrid de Graaf (from 22 May 2014)	173.0	7.5	-	180.5	258.9
Annemarie Meijer (from 21 May 2015)	59.7	-	-	59.7	-
Emiel Roozen (member until 3 August 2015)	317.2	27.0	1.4	345.6	551.3
Onno Verstegen	259.4	29.4	1.7	290.5	595.3
Niek Hoek (chairman until 1 January 2015)	364.1	36.5	6.4	407.0	1,201.5
Paul Medendorp (member until 1 December 2014)	199.3	29.4	-	228.7	492.1
Total	**1,501.9**	**129.8**	**9.5**	**1,641.2**	**3,099.1**

Delta Lloyd shares held by the Executive Board

The members of the Executive Board are permitted to hold Delta Lloyd shares as a long-term investment. The table below presents information on the total number of shares the Executive Board members own, the shares they do not yet fully control (lock up) and the number and value of shares released from lock up. All shares received by the Executive Board members as part of the Variable Incentive Plan from 2011 and onwards are still in lock up.

Shares owned by current and former Executive Board members

In number of shares	Locked shares at 1 January 2015	Unlocked during 2015	Locked during 2015	Locked shares at 31 December 2015	Total unlocked shares at 31 December 2015	Total shares at 31 December 2015	Total shares at 31 December 2014
Hans van der Noordaa	-	-	-	-	-	-	-
Ingrid de Graaf (from 22 May 2014)	8,257	5,061	6,146	9,342	6,844	16,186	8,742
Annemarie Meijer (from 21 May 2015)	-	-	1,375	1,375	-	1,375	-
Emiel Roozen (until 3 August 2015)	20,532	350	7,767	27,949	6,156	34,105	23,594
Onno Verstegen	21,575	515	8,246	29,306	6,552	35,858	24,728
Niek Hoek (until 1 January 2015)	38,074	4,764	9,626	42,936	9,344	52,280	89,215
Paul Medendorp (until 1 December 2014)	23,236	3,398	5,821	25,659	7,683	33,342	56,683
Total	**111,674**	**14,088**	**38,981**	**136,567**	**36,579**	**173,146**	**202,962**

Loans Executive Board

Subject to the conditions applicable to all employees and clients, on 31 December 2015, there were outstanding mortgage loans payable by one member and two former members of the Executive Board:

Loans and advances to current and former Executive Board members

In thousands of euros	Outstanding at 31 December 2015	Average interest rate	Redemption in 2015	Outstanding at 31 December 2014	Average interest rate	Redemption in 2014
Ingrid de Graaf	506.0	4.1%	-	506.0	4.1%	-
Niek Hoek (chairman until 1 January 2015)	797.8	2.4%	-	797.8	4.7%	-
Emiel Roozen (member until 3 August 2015)	523.5	2.2%	250.0	773.5	3.3%	151.5

3.3.5 Remuneration of the Supervisory Board

The remuneration policy for the Supervisory Board was adopted by the General Meeting in October 2009. The policy is in line with a peer group benchmark carried out by an independent remuneration expert. The members of the Supervisory Board are remunerated in accordance with their positions on the Supervisory Board and the committees they serve on. They are also paid for expenses incurred. No attendance fees are paid.

No bonuses, loans or mortgages are granted to current or former Supervisory Board members. They are not entitled to a pension or option plan, nor are they entitled to a contractual severance payment on termination of service.

The table below presents the annual remuneration of the Supervisory Board members based on their function and the remuneration for committee members. As of 1 October 2015, Jean Frijns stepped down as chairman of the Supervisory Board and was succeeded by Rob Ruijter on that same date.

Remuneration of the Supervisory Board

Function	Remuneration in thousands of euros
Chairman	75.0
Vice-chairman	60.0
Member	50.0
Committees	
Chairman of the Audit and/or Risk Committee	9.0
Member of the Audit and/or Risk Committee	6.0
Chairman of the Remuneration and/or Nomination Committee	9.0
Member of the Remuneration and/or Nomination Committee	5.0

In 2015, the members of the Supervisory Board received the following remuneration. The table below includes remuneration for former chairman Jean Frijns until October 2015.

Remuneration of the Supervisory Board current year

In thousands of euros	Remuneration	Committees	Expenses	Total
Rob Ruijter, chairman (from 1 October 2015)	56.3	21.2	0.2	77.7
Eric Fischer, vice-chairman	60.0	13.3	0.2	73.5
André Bergen	50.0	20.0	0.2	70.2
Jean Frijns (chairman until 1 October 2015)	56.3	8.2	1.0	65.5
Jan Haars	50.0	14.0	0.7	64.7
Fieke van der Lecq	50.0	12.0	0.2	62.2
Clara Streit	50.0	14.0	3.3	67.3
Total	**372.6**	**102.7**	**5.8**	**481.1**

Remuneration of the Supervisory Board prior year

In thousands of euros	Remuneration	Committees	Expenses	Total
Jean Frijns, chairman (from 1 January 2014)	75.0	18.8	0.2	94.0
Eric Fischer, vice-chairman	60.0	14.0	0.2	74.2
André Bergen (from 22 May 2014)	37.5	13.0	0.2	50.7
Jan Haars	50.0	15.0	0.2	65.2
Peter Hartman (until 22 May 2014)	25.0	5.0	0.1	30.1
Fieke van der Lecq	50.0	12.0	0.2	62.2
Clara Streit	50.0	12.7	0.2	62.9
Patrick Regan (until 22 May 2014)	25.0	6.0	0.1	31.1
Rob Ruijter (from 22 May 2014)	37.5	13.5	0.2	51.2
Total	**410.0**	**110.0**	**1.6**	**521.6**

3.3.6 Outlook for the remuneration policy

Currently, there are no changes expected in the remuneration policy for 2016 and beyond.

3.4 Corporate governance

Delta Lloyd is a public company based and registered in the Netherlands. It is subject to the Dutch Corporate Governance Code and the Banking Code. Further to its articles of association of 26 May 2015, Delta Lloyd is a company with a mandatory two-tier board structure. This comprises the Executive Board and Supervisory Board. A third governing body is the General Meeting of Shareholders (the General Meeting).

This chapter provides information on these governing bodies and their powers and duties. In addition, it describes the way Delta Lloyd applies the relevant codes of conduct. More details can be found on our website.

3.4.1 Executive Board

The Executive Board is responsible for the day-to-day management of Delta Lloyd. It formulates the company strategy and policies and takes responsibility for the internal control systems. At least once a year it submits a written report to the Supervisory Board outlining the strategy, general and financial risks the company faces and the risk management and control systems. Further information about the Executive Board and its members is set out in section 3.1 'Executive Board and Supervisory Board'.

3.4.1.1 Appointment and dismissal of Executive Board members

The members of the Executive Board are appointed by the Supervisory Board, which notifies the General Meeting and the Works Council of the proposed appointment. The Executive Board can nominate candidates for appointment. The Supervisory Board will not dismiss an Executive Board member until the General Meeting and the Works Council have been informed of the proposed dismissal. The Supervisory Board can suspend a member of the Executive Board at any time.

3.4.1.2 Issuance of shares

On 21 May 2015, the General Meeting resolved to designate the Executive Board as the competent body to issue ordinary shares and to grant rights to subscribe to ordinary shares for a period of 18 months, from 21 May 2015 to 21 November 2016, subject to approval by the Supervisory Board. In its resolution, the General Meeting restricted the competency of the Executive Board as regards the issue of ordinary shares to a maximum of 10% of the issued share capital at 21 May 2015, plus a further issue up to 10% of the issued share capital at 21 May 2015 if it occurs in the context of (the financing of) a merger, acquisition or joint venture by Delta Lloyd or one of its subsidiaries. This limitation does not apply to the power of the Executive Board to pay out an interim dividend in the form of ordinary shares as defined in Article 44.10 of the Articles of Association. After this 18-month period, the Executive Board may propose that the General Meeting extend its designation as the competent body to issue shares.

If the General Meeting has not designated the Executive Board as the competent body to issue shares, it may resolve, upon a proposal of the Executive Board approved by the Supervisory Board, to issue shares. Such a decision can only be taken with an absolute majority.

A resolution to issue preference shares A requires the approval of the meeting of holders of preference shares A, regardless of the body that is competent to issue preference shares A. In the event of an issue of protective preference shares B by a body other than the General Meeting, a General Meeting shall be convened, to be held no later than 20 months after the date on which the protective preference shares B were first issued. See section 3.4.6 'Protective measures'.

3.4.1.3 Pre-emptive rights

On 21 May 2015, the General Meeting designated the Executive Board as the competent body to limit the pre-emptive rights of holders of ordinary shares. This designation was given for a period of 18 months, from 21 May 2015 to 21 November 2016. In its resolution, the General Meeting restricted the competency of the Executive Board as regards the limitation of pre-emptive rights of holders of ordinary shares to the authorisation it gave to the Executive Board to issue ordinary shares.

If the General Meeting has not designated the Executive Board as the competent body to limit the pre-emptive rights of holders of ordinary shares, the General Meeting may resolve to limit or exclude the pre-emptive rights at the proposal of the Executive Board, subject to approval by the Supervisory Board. A resolution of the General Meeting to limit or exclude pre-emptive rights requires an absolute majority if at least half of the issued share capital is present or represented at the General Meeting at which such a resolution is put to vote (failing which the resolution requires a two-thirds majority).

3.4.1.4 Repurchase of shares

On 21 May 2015, the General Meeting resolved to designate the Executive Board as the competent body to acquire ordinary shares or depositary receipts through a purchase on a stock exchange or otherwise for a term of 18 months ending on 21 November 2016. The designation relates to 10% of the issued capital, for which purpose the acquisition price must be between the nominal value of an ordinary share and the quoted price of an ordinary share, plus 10%. The quoted price is defined as the average closing price of an ordinary share as reported in the official price list of NYSE Euronext Amsterdam over the five trading days prior to the acquisition date.

Subject to Supervisory Board approval, the Executive Board may resolve to transfer shares acquired by Delta Lloyd. No pre-emptive right exists in respect of such a transfer.

Delta Lloyd or a subsidiary cannot derive the right to any distribution from shares it acquires in its own capital. Furthermore, it may not exercise voting rights for any such treasury shares, unless the shares are subject to the right of usufruct or to a pledge in favour of a company other than Delta Lloyd or a subsidiary. In that case, the other company may be entitled to the voting rights on the shares. Delta Lloyd may not exercise voting rights for shares in respect of which Delta Lloyd or a subsidiary itself has a right of usufruct or a pledge.

3.4.2 Supervisory Board

The Supervisory Board advises and supervises the Executive Board in the execution of its duties and monitors the policies and affairs of Delta Lloyd. Its members must serve the interests of Delta Lloyd, its customers and other stakeholders and are collectively responsible for carrying out the Supervisory Board's duties. Further information about the Supervisory Board and its members is set out in section 3.1 'Executive Board and Supervisory Board' and in section 3.2 'Supervisory Board report'.

3.4.2.1 Committees

To help it in its decision-making, the Supervisory Board has four committees that focus on specific areas. These are:

- Audit Committee;
- Risk Committee;
- Remuneration Committee; and
- Nomination Committee.

The task of these committees is to prepare the Supervisory Board for the decision it takes. Further information about the Supervisory Board committees is set out in the Supervisory Board report.

3.4.2.2 Appointment, dismissal and suspension of Supervisory Board members

Members of the Supervisory Board are nominated by the Supervisory Board and appointed by the General Meeting. To be eligible for appointment to the Supervisory Board, nominees must satisfy the profile as set out in its by-laws. The profile contains guidelines on the composition and size of the Supervisory Board to ensure it represents the interests of all stakeholders as far as possible. Each nomination is supported by arguments. The General Meeting and the Works Council can recommend nominees for the Supervisory Board. In addition, the Works Council is entitled to include its motivation for a nominee in the notice convening the General Meeting where the nomination is to be decided, and can address the meeting to set out its reasons.

One-third of the Supervisory Board members are nominees recommended by the Works Council, unless the Supervisory Board objects to the recommendation. The Supervisory Board may object if it believes the recommended person is unsuitable for the role, or the appointment will lead to an improper composition of the Supervisory Board.

The General Meeting can reject a nomination by the Supervisory Board with an absolute majority of votes cast, representing at least one-third of the issued capital. If the General Meeting passes such a resolution without this majority, a new meeting will be convened in which the nomination may be rejected by an absolute majority of votes cast. In this case, the Supervisory Board will submit a new nomination. If the General Meeting neither appoints nor rejects the nominated person, the Supervisory Board will appoint the nominated person.

Only the Enterprise Chamber of the Amsterdam Court (*Ondernemingskamer*- 'Enterprise Chamber') can dismiss a member of the Supervisory Board on grounds of neglect of duties, other important reasons or a fundamental change of circumstances that results in Delta Lloyd no longer being reasonably required to maintain the person as a member of the Supervisory Board. The request can be submitted to the Enterprise Chamber by Delta Lloyd, represented by the Supervisory Board, or by a representative designated for this purpose by the General Meeting or the Works Council.

In addition, the General Meeting can withdraw its confidence in the entire Supervisory Board with an absolute majority of votes cast, representing at least one-third of the issued capital. If the General Meeting passes such a resolution without a majority, a second meeting can be convened. At that meeting, confidence in the Supervisory Board can be withdrawn, again only with an absolute majority of votes cast, representing at least one-third of the issued capital. The resolution must be supported by arguments.

If the resolution is approved, it results in the immediate dismissal of the Supervisory Board. In this case, the Executive Board will request that the Enterprise Chamber immediately temporarily appoints one or more Supervisory Board member(s). The resolution cannot be passed in respect of Supervisory Board members appointed by the Enterprise Chamber. The Supervisory Board member(s) appointed by the Enterprise Chamber take(s) action to the effect that, within the term stated by the Enterprise Chamber, a new Supervisory Board is composed in accordance with the provisions of Delta Lloyd's articles of association.

The Supervisory Board can suspend a member at any time. The suspension is cancelled if Delta Lloyd fails to submit a request to the Enterprise Section for that member's dismissal within one month from the start of the suspension.

3.4.2.3 Remuneration

The General Meeting determines the remuneration of each Supervisory Board member.

3.4.3 Capital and shares

The authorised capital of Delta Lloyd NV is divided into ordinary shares, preference shares A and protective preference shares B. Details about the authorised and outstanding share capital of Delta Lloyd and the shareholders are given in section 4.1.7.21 'Share capital'. Each shareholder is entitled to cast one vote per share held.

Major shareholders at 31 December 2015

(more than 3% of ordinary shares)	
Fubon Asset Management Company Ltd.	6.77%
Norges Bank Investment Management (NBIM)	6.51%
Highfields Capital Management, L.P.	5.35%
Fir Tree Partners	3.35%
Standard Life Investments Ltd.	3.29%
Majedie Asset Management Limited	3.28%

Delta Lloyd has granted a call option on protective preference shares B to Stichting Continuïteit Delta Lloyd. See section 3.4.6 'Protective measures' for further details.

3.4.3.1 Dividend

The portion of the profit remaining after payments on or reservation for the benefit of the preference shares A and the protective preference shares B (as set out in the articles of association) and the addition to the reserves is at the disposal of the General Meeting. Distribution of the 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 the Dutch central bank. The General Meeting may resolve, upon a proposal of the Executive Board and approved by the Supervisory Board, that an ordinary share dividend be paid out wholly or partly in shares. The Executive Board may resolve to pay out an interim dividend on the shares, subject to the approval of the Supervisory Board.

For further details about dividend payments on preference shares A and protective preference shares B (if issued), refer to Article 44 of the articles of association of Delta Lloyd NV. The dividend policy will be set out in section 4.3.1.

3.4.3.2 Transfer of shares, transfer restrictions and notification of repurchase of shares

No restrictions apply to the transfer of ordinary shares. The approval of the Executive Board, after consultation with the Supervisory Board, is required for every transfer of preference shares A. The approval must be in writing and include the name and address of the intended acquirer.

3.4.3.3 Amendments to the articles of association, legal merger or demerger

A resolution to amend the Articles of Association may only be taken by the General Meeting by an absolute majority pursuant to a proposal of the Executive Board that has been approved by the Supervisory Board.

A resolution to merge or to demerge requires an absolute majority if at least half of the issued share capital is present or represented at the General Meeting at which such a resolution is put to vote (failing which the resolution requires a two-thirds majority).

3.4.4 General Meeting of Shareholders

The annual General Meeting is held within six months of the end of the financial year. Its general purpose is to discuss the annual report, adopt the financial statements, discharge the Executive Board and Supervisory Board of their respective management and supervision duties, and decide on dividend policy and the dividend to be declared. Extraordinary General Meetings of Shareholders are held as often as the Executive Board or Supervisory Board deem necessary and at the request of one ore more shareholders who, alone or jointly, represent at least one tenth of the issued share capital of Delta Lloyd as set out in article 2:110 of the Dutch Civil Code.

3.4.4.1 Notice, agenda items

A General Meeting is called by means of a convening notice that is sent by the Executive Board or the Supervisory Board, stating the place and time of the meeting, the agenda detailing the subjects to be discussed and any proposals for items to be added to the agenda. Shareholders and/or holders of depositary receipts who, alone or jointly, represent at least 3% of Delta Lloyd's issued capital, may request that items be added to the meeting agenda. These requests will be granted, providing they are received in writing by the Executive Board or the Supervisory Board at least 60 days before the day of the meeting and unless important interests of the company dictate otherwise.

3.4.4.2 Admission to the General Meeting

Every shareholder and holder of depositary receipts issued with the cooperation of Delta Lloyd may attend and address the General Meeting. Each shareholder is entitled to vote, and each usufructuary and pledgee who accrues the right to vote on the shares, is authorised to exercise the voting right. Those entitled to attend a General Meeting may be represented at the meeting by a proxy authorised in writing.

3.4.4.3 Resolutions

Unless Dutch law or the articles of association require a larger majority, resolutions of the General Meeting are passed by an absolute majority of votes cast. Certain resolutions, such as those to reduce Delta Lloyd's share capital or to limit or exclude the pre-emptive rights, require a qualified majority of two-thirds of the votes cast, if less than half of the issued share capital is present or represented at the General Meeting at which such a resolution is put to vote.

3.4.4.4 Powers of the General Meeting

The most important powers of the General Meeting are to:

- Appoint members to the Supervisory Board following nomination by the Supervisory Board;
- Recommend persons to the Supervisory Board for nomination as a member of that board;
- Approve the remuneration of Supervisory Board members;
- Withdraw confidence in the Supervisory Board;
- Discharge the Executive Board and the Supervisory Board in respect of their respective management and supervision duties;
- Adopt the financial statements;

- Approve Executive Board resolutions regarding important changes in the identity or nature of Delta Lloyd;
- Authorise the Executive Board to issue shares, to grant rights to subscribe for shares and to restrict or exclude the pre-emptive rights of shareholders;
- Authorise the Executive Board to repurchase shares;
- Adopt the remuneration policy for the Executive Board;
- Dispose of the profit remaining after the payment of dividend on any outstanding protective preference shares B and preference shares A and after a decision has been taken on the addition of all or part of the profits to the reserves; and
- Pass resolutions to amend the Articles of Association and to merge, demerge or dissolve the company if proposed by the Executive Board and approved by the Supervisory Board.

3.4.4.5 Fonds NutsOhra

Fonds NutsOhra is the holder of all outstanding preference shares A in Delta Lloyd NV. The purpose of Fonds NutsOhra is to initiate, manage and support projects relating to healthcare.

Delta Lloyd and Fonds NutsOhra entered into a sale and purchase agreement on 16 October 2009 to restructure the Preference Shares A held by Fonds NutsOhra. The Preference Shares A are convertible into ordinary shares. The conditions of conversion were determined upon the first issuance of the Preference Shares A and are set out in a convertible loan agreement dated 22 December 1999 between Fonds NutsOhra and Delta Lloyd, as amended on 16 October 2009. On 6 November 2015, certain terms of the convertible loan agreement were restructured to ensure grandfathering of the convertible loan under Solvency II for a period of three years. DNB has expressly consented to this amendment.

Notwithstanding the aforementioned amendment, Fonds NutsOhra is entitled to fully convert its preference shares A into newly-issued ordinary shares at all times if any of the following events occur:

- A public bid is made for Delta Lloyd;
- A legal merger or legal demerger involving Delta Lloyd;
- Delta Lloyd sells the majority of its assets; or
- A resolution by the Executive Board on a significant change to Delta Lloyd, which requires approval of the General Meeting pursuant to Section 2:107a of the Dutch Civil Code.

The conversion price for the preference shares A amounts to € 30.84 per ordinary share received upon conversion, minus € 0.20 (the nominal value of the preference share A). In specific circumstances as defined in the agreement, Fonds NutsOhra will be compensated for the dilutive effect of certain Delta Lloyd actions through an adjustment of the conversion price. Conversion of the preference shares A into newly-issued ordinary shares will result in a dilution of the issued ordinary shares at that time.

Details of the agreement between Fonds NutsOhra and Delta Lloyd can be viewed on Delta Lloyd's corporate website.

3.4.5 Compliance with the Dutch Corporate Governance Code and Banking Code

Dutch Corporate Governance Code

Delta Lloyd is subject to the Dutch Corporate Governance Code (the 'Code'). The full text of the Code can be found on here. Delta Lloyd applies the principles and the best practice provisions of the Code in full.

Banking Code

The Dutch Bankers' Association (Nederlandse Vereniging van Banken - NVB) drew up a self-regulation code of conduct, the Banking Code, which applies to all Delta Lloyd's banking activities.

Our compliance with the Banking Code helps to strengthen trust in the financial sector. It requires a sustainable approach and unflagging attention and is an ongoing process. Delta Lloyd strives continuously to meet the Banking Code, not only to its letter but also to its spirit.

We explain our approach to compliance with the Banking Code in the context of four subjects: lifelong learning, the moral and ethical conduct declaration, customer centricity and remuneration policy. Our approach to risk management is discussed in the section 4.1.7.1 Risk Management of this report and on our website there is an up-to-date overview of the way our businesses apply the Banking Code.

3.4.5.1 Lifelong learning

Knowledge is core to our business, and this requires high levels of professionalism within our organisation. We believe it is hugely important that knowledge is kept up-to-date. The lifelong learning programme for Executive Board members and directors addresses a variety of topics, including risk management, Solvency II, management controls, financial reporting, upcoming regulatory developments and digital transformation. In 2015, the Dutch members of the Supervisory Board continued with their permanent education programme to improve insurers' expertise. Among the subjects it addressed were ethics, behaviour and culture, governance and risk management.

3.4.5.2 Moral and ethical conduct declaration

Since 2013, it is a legal duty for all members of executive boards, supervisory boards and policymakers of financial institutions to sign a moral and ethical conduct declaration. The Delta Lloyd Executive Board members affirmed their moral and ethical declarations to the Chairman of the Supervisory Board on 6 January 2015. Annemarie Mijer, who was appointed to the Executive Board in 2015, affirmed her moral and ethical declaration on 21 May 2015. The members of the Supervisory Board affirmed their moral and ethical declarations to the Chairman of the Supervisory Board on 6 August 2013. André Bergen and Rob Ruijter, who joined the Supervisory Board in 2014, affirmed their moral and ethical declaration on 5 August 2014. The text of the declaration is posted on the corporate website.

The moral and ethical conduct declaration also guides the actions of all Delta Lloyd employees. The spirit of this declaration is reflected in our core values: honesty, approachability and working together.

3.4.5.3 Customer centricity

Customer centricity is one of our three strategic pillars: we want to excel in fulfilling customer needs by enhancing our understanding of customer's interests and providing an excellent customer experience. In 2015, we transformed the customer centricity programme into a staff department that falls directly under the Executive Board. One of the Executive Board's key tasks is to co-develop Delta Lloyd's customer centricity strategy. This ensures customer centricity remains high on the agenda in our organisation. Our performance in 2015 on putting customers' interests central in products, services and advice and how we implement that will be outlined in our Annual Review.

3.4.5.4 Remuneration policy

Delta Lloyd applies a controlled, sound and sustainable remuneration policy. This helps us recruit, retain and motivate employees and to stimulate excellent results. This policy is in line with our risk appetite and supports and strengthens our strategy and core values.

Each job grade has a set maximum fixed-variable remuneration ratio. In accordance with the new rules regarding the remuneration policies of financial undertakings, the variable remuneration for members of the Executive Board is maximised at 20% of fixed remuneration. The purpose of the variable remuneration is to stimulate an employee to achieve desired results. More information about Delta Lloyd’s remuneration policy is published in the Remuneration Disclosures on our website and in section 3.3 ‘Remuneration report’.

3.4.6 Protective measures

The object of Stichting Continuïteit Delta Lloyd, a foundation established according to Dutch law, is to protect Delta Lloyd from influences that could jeopardise its continuity, independence or identity. The board of Stichting Continuïteit met three times in 2015. At these meetings, the chairman of Delta Lloyd’s Executive Board, its chief financial officer and investor relations manager gave an account of the company’s general affairs, financial reporting and relationship with its shareholders. In addition, attention was given to Stichting Continuïteit’s financial housekeeping and the documentation of procedures and processes.

Delta Lloyd granted a call option to Stichting Continuïteit Delta Lloyd under an agreement dated 15 December 2009, which outlines the conditions under which it can be exercised. This call option is exercisable at any time, either wholly or partly. When exercising the call option, Stichting Continuïteit is entitled to acquire protective preference shares B up to a maximum equal to 100% of Delta Lloyd's issued and outstanding share capital, minus one share, which will entitle it to 49.9% of the voting rights after the issuance of such shares. Within 20 months following the issuance of protective preference shares B to Stichting Continuïteit, a General Meeting must be held to decide on the proposal to repurchase or withdraw the outstanding protective preference shares. Any repurchase or withdrawal of protective preference shares will be without prejudice to Stichting Continuïteit’s right to subscribe for protective preference shares again, up to the maximum mentioned above, following the repurchase or withdrawal.

Stichting Continuïteit can exercise this call option to:

- Prevent, delay or complicate an unwanted takeover bid or unwanted acquisition of shares through stock market transactions or otherwise;
- Prevent a concentration of the voting rights at the General Meeting;
- Resist unwanted influence on or pressure by shareholders to amend the strategy of Delta Lloyd; and

- Give Delta Lloyd, in any of these situations, the opportunity to consider and explore possible alternatives and, if required, to work these out in the event of an actual or threatened concentration of control among its shareholder base. Such actual or threatened concentration is considered unwanted and not in the interest of Delta Lloyd and its affiliates, according to the judgement/provisional judgement of the Executive Board or the Supervisory Board and the Board of Stichting Continuïteit Delta Lloyd, and exercising the call option enables Delta Lloyd to temporarily neutralise such concentration of control.

Stichting Continuïteit independently determines its strategy and tactics for exercising the call option and any resulting issuance of protective preference shares.

The board of Stichting Continuïteit Delta Lloyd comprises the following members:

Dick Bouma, chairman

Aart van Bochove, vice-chairman

Rijnhard van Tets (until 3 September 2015)

Rinze Veenenga Kingma

All board members of Stichting Continuïteit Delta Lloyd are independent from Delta Lloyd. Stichting Continuïteit meets the independence requirement of Section 5:71 (1)(c) of the Wft.

3.5 Corporate governance statement

This chapter – together with the report of the Supervisory Board in section 3.2, the description of the internal risk management and control systems in section 2.4 and the contents of Delta Lloyd's corporate website – constitutes the corporate governance statement within the meaning of the Royal Decree of 20 March 2009 on the annual reporting of listed companies. The corporate governance section on the website contains our articles of association, various by-laws, the agreement between Delta Lloyd and Fonds NutsOhra and an extensive description of the application of the codes of conduct by Delta Lloyd. The composition of the Supervisory Board and the Executive Board is also set out on the website, including CVs of the members, the by-laws and the rotation plans of both boards.

3.6 EU directive on takeover bids

Pursuant to the EU directive on takeover bids (Decision of 5 April 2006 implementing Article 10 of Directive 2004/25/EC of the European Parliament and the European Council of 21 April 2004 on takeover bids), further requirements have been set regarding the contents of the annual report. This information is set out in section 3.4 ('Corporate Governance'). The information and reference below completes the required information on the basis of this EU directive on takeover bids.

The control mechanism for schemes that grant rights to employees to take or acquire shares in the capital of Delta Lloyd if the control is not exercised directly by the employees themselves, is described in section 3.3 'Remuneration report for 2015'.

The shareholders' agreement that Delta Lloyd NV and ABN AMRO Bank NV concluded regarding their Delta Lloyd ABN AMRO Verzekeringen Holding BV joint venture includes a change of control provision, which entitles ABN AMRO Bank to obtain the shares held by Delta Lloyd in ABN AMRO Verzekeringen at the set price in the event of a change of control at Delta Lloyd.

Delta Lloyd has concluded no agreements with directors and/or employees that provide for any payment upon termination of employment as a result of a takeover bid.

3.7 In control statement

The Executive Board is responsible for designing and maintaining an adequate system for internal control over financial reporting. Financial reporting is the product of a structured process carried out by our various divisions under the direction and supervision of Group Finance, Control & Tax. Group Audit tested the controls in this process and reported its findings. We monitor changes in the reporting rules and discuss them timely with our external auditor.

In 2015, our business units evaluated the design and effectiveness of the relevant risk management and control systems for financial reporting and classified the outcomes by priority. These outcomes were reviewed at Group level. There are no indications that the risk management and control systems for financial reporting will not operate effectively in the current year. Group Audit and Group Finance Control & Tax have discussed the complete range of activities performed in connection with our internal risk management and internal control systems, and the resulting findings, recommendations and measures with the Audit Committee and the Supervisory Board.

With reference to best practice provision II.1.5 of the Dutch corporate governance code on financial reporting risks, the Executive Board believes, to the best of its knowledge, that our internal risk management and control systems provide reasonable assurance that the financial reporting is free of any errors of material importance and that the risk management and control systems worked properly during the reporting year.

Executive Board

Hans van der Noordaa, chairman

Clifford Abrahams

Ingrid de Graaf

Annemarie Mijer

4 FINANCIAL STATEMENTS 2015

4.1 Consolidated financial statements

Delta Lloyd NV is a public limited liability company incorporated and headquartered in the Netherlands. Its registered address is Amstelplein 6, 1096 BC Amsterdam. With its subsidiaries (collectively ‘Delta Lloyd’) it provides life and pension insurance, long-term savings products, most classes of general insurance, banking and asset management. These activities are carried out through subsidiaries and associates in the Netherlands and Belgium.

The reporting segments within Delta Lloyd are structured based on the above activities. These segments are Life insurance, General insurance, Bank, Asset Management and Other. Further details are provided in section 4.1.7.3 ‘Segment information’.

These financial statements have been authorised for issue by the Executive Board, following the approval of the Supervisory Board on 23 February 2016. The General Meeting of Shareholders will be asked to adopt these financial statements at the Annual Meeting on 19 May 2016.

4.1.1 Consolidated statement of financial position

Consolidated statement of financial position

In millions of euros		31 December 2015	31 December 2014
Goodwill	9	269.2	290.4
AVIF and other intangible assets	10	90.9	104.2
Deferred acquisition costs	11	109.9	117.0
Property and equipment	12	55.1	102.2
Investment property	13	1,052.2	1,525.6
Associates and joint ventures	14	278.9	338.3
Deferred tax assets*	31	478.4	352.9
Debt securities	15	28,342.1	28,676.9
Equity securities	15	2,169.3	2,889.5
Derivatives	16	1,675.9	2,239.3
Loans at fair value through profit or loss	17	5,235.9	5,525.3
Loans and receivables at amortised cost	17	10,676.9	9,924.4
Investments at policyholders' risk	18	14,604.0	14,189.3
Third party interests in consolidated investment funds	19	3,371.2	3,964.6
Reinsurance assets	26	562.1	649.5
Receivables and other financial assets	20, 29	1,376.8	1,636.7
Current tax assets		47.8	43.7
Accrued interest and prepayments		539.0	561.1
Cash and cash equivalents		2,503.4	2,642.0
Assets held for sale	5	29.2	12,151.0
Total assets		**73,468.2**	**87,923.8**
Total capital and reserves		2,568.9	2,468.4
Non-controlling interests	24	253.8	277.9
Total shareholders' funds		2,822.6	2,746.2
Insurance liabilities	25, 28	45,789.9	45,662.4
Liabilities for investment contracts	27, 28	6,304.5	6,154.3
Pension obligations	29	2,501.6	2,616.1
Provisions for other liabilities	30	58.6	189.6
Deferred tax liabilities*	31	35.8	42.7
Current tax liabilities		63.8	45.3
Subordinated debt	32	1,352.4	1,332.8
Securitised mortgages loan notes	32	2,223.2	3,104.0
Other borrowings	32	740.5	886.1
Derivatives	16	991.9	1,174.4
Investments at policyholders' risk	18	21.7	16.1
Third party interests in consolidated investment funds	19	3,371.2	3,964.6
Customer savings and deposits	33	5,063.0	5,812.1
Other financial liabilities	33	122.8	259.8
Other liabilities	34	2,004.6	2,300.5
Liabilities relating to assets held for sale	5	-	11,616.8
Total liabilities		70,645.5	85,177.6
Total shareholders' funds and liabilities		**73,468.2**	**87,923.8**

* Delta Lloyd reviewed the presentation of its tax positions and decided to reclassify certain deferred tax positions to provide a better view of the net deferred tax positions per fiscal entity. Comparative figures have been adjusted (see section 4.1.6.2 'Financial impact of changes in accounting policies and reclassifications').

The notes (in numerical order) include the accounting policies and are an integral part of these financial statements. The numbers refer to the relevant subsection in section 4.1.7 ‘Notes to the consolidated financial statements’.

4.1.2 Consolidated income statement

Consolidated income statement

In millions of euros		2015	2014
Gross written premiums	6	4,038.3	3,963.3
Outward reinsurance premiums	6	-162.5	-335.9
Net written premiums		3,875.9	3,627.5
Change in unearned premiums provision	6	0.4	59.8
Net premiums earned	6	3,876.3	3,687.3
Investment income	6	1,753.8	9,816.4
Share of profit or loss after tax of associates	6	82.6	73.4
Net investment income	6	1,836.4	9,889.9
Fee and commission income	6	298.7	293.1
Other income	6	63.2	6.6
Total investment and other income	6	2,198.3	10,189.6
Total income	6	**6,074.6**	**13,876.9**
Net claims and benefits paid	7	3,878.0	3,945.1
Change in insurance liabilities	7	-213.8	6,974.5
Charge to financial liability on behalf of third party interest in consolidated investment funds	7	487.3	660.6
Expenses relating to the acquisition of insurance, investment and other contracts	7	621.4	618.8
Finance costs	7	362.5	493.7
Other operating expenses	7	788.8	716.0
Total expenses		**5,924.2**	**13,408.7**
Result before tax from continuing operations	3	**150.4**	**468.2**
Income tax	31	9.6	87.8
Result after tax from discontinued operations		-0.6	22.5
Net result		**140.2**	**402.8**
Attributable to:			
Delta Lloyd NV shareholders		128.1	361.1
Non-controlling interests		12.1	41.7

Earnings per share

In euros		2015	2014
Basic earnings per share from continuing operations	22	0.59	1.74
Basic earnings per share from discontinued operations	22	0.00	0.12
Basic earnings per share including discontinued operations		**0.58**	**1.85**
Diluted earnings per ordinary share from continuing operations	22	0.56	1.59
Diluted earnings per ordinary share from discontinued operations	22	0.00	0.11
Diluted earnings per ordinary share including discontinued operations		**0.56**	**1.70**

The notes (in numerical order) include the accounting policies and are an integral part of these financial statements. The numbers refer to the relevant subsection in section 4.1.7 'Notes to the consolidated financial statements'.

4.1.3 Consolidated statement of comprehensive income

Consolidated statement of comprehensive income

In millions of euros	2015	2014
Net result	140.2	402.8
Actuarial gains and losses (pension obligations)	126.0	-580.4
Actuarial gains and losses of subsidiaries sold	2.1	-
Other reserve transferred to retained earnings	-2.1	-
Revaluation reserve of property sold	-5.2	-
Revaluation reserve transferred to retained earnings	5.2	-
Transfer of actuarial gains and losses relating to DPF contracts to provisions	-1.6	5.8
Income tax relating to items that will not be reclassified	-31.3	143.8
Total items that will not be reclassified to income statement	93.1	-430.9
Changes in value of financial instruments available for sale*	-402.8	335.8
Revaluation reserve of subsidiaries sold transferred to income statement	-50.6	-
Transfer of available for sale relating to DPF contracts to provisions	88.9	-144.2
Fair value adjustments associates**	-39.5	-82.4
Fair value adjustments due to micro hedge debt securities available for sale	11.2	-40.5
Income tax relating to items that may be reclassified	50.9	-80.0
Total items that may be reclassified subsequently to income statement	-342.0	-11.3
Total amount recognised directly in equity	-248.9	-442.2
Total comprehensive income	**-108.7**	**-39.4**
Attributable to:		
Delta Lloyd NV shareholders	-124.9	-88.7
Non-controlling interests	16.2	49.3

* Realised gains/losses on revaluations of financial instruments available for sale, impairment losses and reversal of impairment losses transferred to income statement are part of changes in value of financial instruments available for sale. For disclosure on impairment losses and reversal of impairment see section 4.1.7.3 'Segment information'.

** Including the effect of realised gains and losses reported in the income statement.

The notes and the accounting policies are an integral part of these financial statements.

4.1.4 Consolidated statement of changes in shareholders' funds

Consolidated statement of changes in shareholders' fund

In millions of euros	Ordinary share capital	Share premium	Revaluation reserves	Other reserves	Equity compensation plan	Treasury shares	Retained earnings	Total capital and reserves *	Non-controlling interests	Shareholders' funds
At 1 January 2014	38.4	507.4	553.0	-191.9	5.3	-19.4	1,727.8	2,620.6	309.4	2,930.0
Total other comprehensive income	-	-	-19.0	-430.9	-	-	-	-449.9	7.6	-442.2
Result for the period**	-	-	-	-	-	-	361.1	361.1	41.7	402.8
Final dividend payment 2013	0.8	-0.8	-	-	-	-	-41.3	-41.3	-	-41.3
Interim dividend payment 2014	0.7	-0.7	-	-	-	-	-24.2	-24.2	-	-24.2
Non-controlling interests in dividend payment 2014	-	-	-	-	-	-	-	-	-80.9	-80.9
Change treasury shares	-	-	-	-	-	2.3	-	2.3	-	2.3
Conditional shares granted	-	-	-	-	1.1	-	-1.4	-0.3	-	-0.3
At 31 December 2014	**39.9**	**505.9**	**534.1**	**-622.8**	**6.4**	**-17.2**	**2,022.1**	**2,468.4**	**277.9**	**2,746.2**
At 1 January 2015	39.9	505.9	534.1	-622.8	6.4	-17.2	2,022.1	2,468.4	277.9	2,746.2
Total other comprehensive income	-	-	-351.3	95.2	-	-	3.1	-253.0	4.1	-248.9
Result for the period**	-	-	-	-	-	-	128.1	128.1	12.1	140.2
Final dividend payment 2014	0.9	-1.0	-	-	-	-	-62.7	-62.8	-	-62.8
Interim dividend payment 2015	0.9	-0.9	-	-	-	-	-50.2	-50.2	-	-50.2
Non-controlling interests in dividend payment 2015	-	-	-	-	-	-	-	-	-40.3	-40.3
Issue share capital	4.0	333.1	-	-	-	-	-	337.1	-	337.1
Change treasury shares	-	-	-	-	-	2.4	-	2.4	-	2.4
Conditional shares granted	-	-	-	-	-0.9	-	-0.1	-1.0	-	-1.0
Transfer between equity classes	-	-	-1.0	1.0	-	-	-	-	-	-
At 31 December 2015	**45.7**	**837.1**	**181.8**	**-526.6**	**5.5**	**-14.8**	**2,040.3**	**2,568.9**	**253.8**	**2,822.6**

*Attributable to Delta Lloyd NV shareholders.

** The distribution of the result will be determined by the General Meeting of Shareholders (see section 4.3.1).

Total other comprehensive income relates to the equity allocation of the items specified in section 4.1.3 'Consolidated statement of comprehensive income'.

Of the shareholders’ funds € 2,213.6 million is available for distribution (2014: € 1,775.9 million). By law, Delta Lloyd may only pay a dividend if the share capital and reserves permit it (see section 4.3.1 ‘Dividends and appropriation of result’).

The other reserves include the actuarial gains and losses for pensions.

Delta Lloyd issued 19,933,087 new ordinary shares on 16 March 2015, priced at € 17.00 each. This resulted in an increase in equity of € 337.1 million, after deducting costs net of tax (€ 1.8 million).

Payment in cash and delivery of ordinary shares in respect of the 2014 final dividend of € 0.61 per ordinary share took place on 17 June 2015. Around 52.8% of the shareholders elected to receive the dividend in ordinary shares. Consequently, 4,663,432 new ordinary shares were issued as stock dividend and charged to the share premium (€ -1.0 million). The remaining 47.2% of the shareholders received the dividend in cash (€ 62.7 million).

Payment in cash and delivery of ordinary shares in respect of the 2015 interim dividend of € 0.42 per ordinary share took place on 7 September 2015. Approximately 46.4% of shareholders elected to receive the dividend in ordinary shares. Consequently, 4,687,206 new ordinary shares were issued as stock dividend and charged to the share premium account (€ -0.9 million), after deducting costs net of tax (€ 0.0 million). The remaining 53.6% of the shareholders received the dividend in cash (€ 50.2 million). Section 4.3.1 ‘Dividends and appropriation of result’ gives further details on the dividend distributions and policy.

Treasury shares were acquired as part of a share repurchase programme with the sole purpose of meeting obligations under the equity compensation plans for management. As of 2015, part of the base salary of the Executive Board members is paid in the form of shares. As at 31 December 2015, there were 1,047,373 shares (2014: 1,214,305 shares) held for this purpose and were bought for an average purchase price of € 14.13.

The equity compensation plan refers to the share-based and performance-related incentive plans as described in section 4.1.7.8 ‘Employee information’. The movement consists of a settlement of € 3.0 million and € 2.1 million in grants of new options. Options settled at a different rate than initially granted resulted in a movement of € -0.1 million in retained earnings.

The notes (in numerical order) include the accounting policies and are an integral part of these financial statements. The numbers refer to the relevant subsection in section 4.1.7 'Notes to the consolidated financial statements'.

4.1.5 Consolidated cash flow statement

Consolidated cashflow statement

In millions of euros		2015	2014
Net result			
Net result		140.2	402.8
Of which is result from discontinued operations		-0.6	22.5
Adjustments for:			
Income tax expense		20.0	81.8
Depreciation, amortisation, impairments and revaluation of items not at fair value		415.5	313.6
Unrealised gains and losses		2,241.5	-6,580.1
Change in provisions for insurance and investment contracts net of reinsurance	25, 26, 27	269.7	7,379.4
Change in liability for third party interests in consolidated investments funds		-688.1	-649.9
Share of profit or loss and other non-cash items from associates and joint ventures	14	-82.2	-198.5
Cash generating profit for the year		2,316.6	749.2
Net (increase) / decrease in investment property	13	530.5	23.6
Net (increase) / decrease in other financial liabilities	33	-703.7	-103.0
Net (increase) / decrease intangible assets	10	-3.0	-28.5
Income taxes (paid) / received		-88.1	-15.0
Net (increase) / decrease in other operating assets and liabilities		-233.6	996.0
Net cash flow from operating activities, including discontinued operations		1,818.7	1,622.4
Of which is cash flow from operating activities of discontinued operations		-51.8	78.9
Cash flow from investing activities			
Net (increase) / decrease in debt securities	15	-1,919.0	-1,265.3
Net (increase) / decrease in equity securities	15	435.0	328.8
Net (increase) / decrease in derivatives	16	-66.9	283.0
Net (increase) / decrease in investments at policyholders' risk	18	-700.1	-847.4
Net (increase) / decrease in third party interest in investment funds	19	543.3	873.6
Net (increase) / decrease in loans and other financial assets	17	299.3	367.0
Purchases of property and equipment	12	-12.7	-14.6
Proceeds from sale of property and equipment	12	0.1	-
Dividends received from associates	14	26.6	-
Acquisition of and capital injection associates	14	-	-8.9
Disposal of and capital withdrawal associates	14	75.9	166.0
Proceeds from sale of subsidiaries	4	-173.2	-
Net cash flow from investing activities, including discontinued operations		-1,491.6	-117.7
Of which is cash flow from investing activities of discontinued operations		80.3	-110.2

Consolidated cashflow statement

In millions of euros		2015	2014
Cash flow from financing activities			
Proceeds from borrowings	32	534.3	2,918.5
Repayment of borrowings	32	-1,545.3	-2,949.1
Issue of share capital		336.9	-
Dividends paid to shareholders	4.1.4	-113.0	-65.4
Dividends paid to non-controlling interests	4.1.4	-40.3	-80.9
Net cash flow from financing activities, including discontinued operations		-827.4	-177.0
Of which is cash flow from financing activities of discontinued operations		-	-
Net (decrease) / increase in cash and cash equivalent, including discontinued operations		**-500.3**	**1,327.6**
Of which is net (increase / decrease) in cash and cash equivalent of discontinued operations		28.5	-31.3
Statement of changes in cash and cash equivalents			
Cash and cash equivalents at beginning of year		3,135.5	1,807.8
Net (decrease) / increase in cash and cash equivalents		-500.3	1,327.7
Total cash and cash equivalents at 31 December		**2,635.3**	**3,135.5**
Consolidated statement of financial position, own risk		2,503.4	2,642.0
Assets held for sale, own risk		-	337.8
Risk reward policyholder and third party investment funds	18, 19	131.9	155.8
Total cash and cash equivalents at 31 December		**2,635.3**	**3,135.5**
Further details on cash flow from operating activities			
Interest paid		351.9	484.0
Interest received		1,731.1	1,862.1
Dividends received	6, 14	277.1	250.4

The notes (in numerical order) include the accounting policies and are an integral part of these financial statements. The numbers refer to the relevant subsection in section 4.1.7 'Notes to the consolidated financial statements'.

The prior period figures in the cash flow statement include the discontinued operations of Delta Lloyd Deutschland. The information presented therefore differs from the consolidated income statement where discontinued operations are presented separately.

To present the financial effect of the discontinued operations, the cash flows from discontinued operations are disclosed separately.

Included in the cash position is an amount of € 1,822.3 million received as cash collateral (2014: € 2,210.4 million). The related obligation is presented in the financial liabilities.

4.1.6 Accounting policies

The notes to the consolidated financial statements and the remuneration report are an integral part of these financial statements.

This section describes Delta Lloyd's significant general accounting policies, changes in accounting policies and the use of assumptions and estimates relating to the consolidated financial statements and notes as a whole. If an accounting policy relates specifically to a note (balance or transaction) it is presented within the relevant note. Unless otherwise stated, these policies are consistently applied throughout Delta Lloyd, in all the years presented.

4.1.6.1 Basis of presentation

Delta Lloyd prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union and with Part 9 of Book 2 of the Dutch Civil Code. Delta Lloyd uses the EU carve-out on hedge accounting for its banking activities in Belgium since 1 July 2012, and the Netherlands since 1 May 2015.

Unless stated otherwise, assets and liabilities are measured at historical cost. Where necessary, assets are shown net of impairment. Income and expenses are allocated in accordance with the matching principle. Expenses are accounted for in the expense category to which they relate. Expenses related to the acquisition of new business are classified as acquisition costs for insurance and investment contracts. Financial assets and liabilities that are of a current nature (i.e. recoverable/payable within one year) are also accounted for at cost, because the difference between cost and fair value is insignificant. Derivative financial instruments, which are measured at fair value irrespective of their duration, are an exception.

All accounting policies and methods of computation applied for the consolidated financial statements of Delta Lloyd (except for the EU carve-out on hedge accounting for the Dutch banking business) are the same as those applied in 2014 because the standards and amendments that became mandatory as of 1 January 2015 were already early adopted in 2014.

The European Union endorsed the following standards and amendments to standards in 2015, which will be mandatory and applied by Delta Lloyd at 1 January 2016:

- Amendments to IAS 1 'Disclosure initiative' are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. These amendments are clarifications on materiality, order of the notes, subtotals, accounting policies and disaggregation of line items. These amendments had no effect on result and shareholders' funds of Delta Lloyd. The disclosures in financial statements will not be impacted because in the annual report 2014 presentation changes had already been implemented which are inline with the amendments to IAS 1;
- Annual Improvements to IFRSs 2012-2014 Cycle: The improvements relate to IFRS 5 'Non current Assets Held for Sale and Discontinued Operations', IFRS 7 'Financial Instruments Disclosure', IAS 19 'Employee Benefits' and IAS 34 'Interim Financial Reporting. These changes will have no effect on result and shareholders' funds of Delta Lloyd because they are not applicable at this time or were already interpreted correctly ;
- Amendments to IAS 27 'Equity Method in Separate Financial Statements' reintroduce the use of the equity method of accounting for investments in subsidiaries, joint ventures and associates for separate financial statements. These amendments will not impact Delta Lloyd's results or shareholders' funds.
- Amendments to IAS 16 and 4 'Bearer Plants' is not applicable for Delta Lloyd;

- Amendments to IAS 16 and 38 'Clarification of Acceptable Methods of Depreciation and Amortisation' allow for taking into account the consumption of the expected future economic benefits embodied in the assets for depreciation and amortisation. This amendment will not effect result or shareholders' funds of Delta Lloyd because depreciation and amortisation will remain on a straight line basis;
- Amendments to IFRS 11 'Accounting for Acquisitions of Interests in Joint Operations' currently have no impact because Delta Lloyd does not have any joint operations.

The implementation of the European Union Directive 2013/34/EU in Dutch law at the end of 2015 will impact the annual report 2016 of Delta Lloyd as follows:

- The legal name of the annual report will change to executive report;
- Several disclosures from reports to the regulator (DNB) need to be included in the executive report;
- Appropriation of result needs to be included in the notes to the financial statement instead of 'Other information'; and
- The income statement in the separate financial statements will no longer be abridged.

The IASB published new standards, amendments and improvements that had not yet been endorsed by the European Union on 31 December 2015. Once they are endorsed, Delta Lloyd will adopt these new standards, amendments and improvements when they become mandatory in the EU:

- IFRS 14 Regulatory Deferral Accounts (IASB effective date 1 January 2016);
- IFRS 15 Revenue from Contracts with Customers (IASB effective date 1 January 2018);
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities (IASB effective date 1 January 2016);
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its associate or Joint Venture (IASB effective date 1 January 2016).

Expected significant upcoming changes for Delta Lloyd after 2015 are explained below.

IFRS 9 Financial Instruments (IASB effective date 1 January 2018)

IFRS 9 replaces the existing standard (IAS 39) for the classification and measurement of financial assets, impairments of financial assets measured at amortised cost or at fair value through other comprehensive income, and micro hedge accounting. How financial assets are measured depends on the business model and contractual characteristics of the financial assets for debt instruments including loans and receivables. Impairment rules are based on an expected loss model instead of the current incurred loss model. After the European Union endorses this standard, it may have a material effect on Delta Lloyd's result and shareholders' funds, depending on choices made regarding classification (if allowed) and market conditions at the time of transition. Delta Lloyd has started an IFRS 9 project group which made a high level impact assessment regarding different classification and measurement options. Also a preliminary assessment was made regarding the issues surrounding the new impairment rules.

Other

Items in the financial statements of each of the Delta Lloyd entities are measured in the currency of the primary economic environment in which that entity operates ('the functional currency'). The consolidated financial statements are stated in euros, which is Delta Lloyd's key functional currency and also the presentation currency. Unless stated otherwise, the amounts shown in these financial statements are in millions of euros. Calculations in the tables are made based on unrounded figures; as a result, rounding differences can occur.

IAS 1 'Presentation of Financial Statements' requires a distinction between current and non-current assets and liabilities in the consolidated statement of financial position, unless a liquidity-based presentation provides better insight. For an insurance group, close control over liquidity, asset and liability matching, and highly regulated capital and solvency positions are considered to be more relevant. The distinction between current and non-current is therefore not made for insurance-related items. Further details of their risk management are provided in section 4.1.7.1 'Risk management'.

As the income statement of Delta Lloyd NV for 2015 is incorporated in the consolidated financial statements, an abridged company income statement is presented in the separate financial statements, in accordance with section 2:402 of the Dutch Civil Code.

The consolidated cash flow statement is prepared according to the indirect method. It distinguishes between cash flows from operating, investing and financing activities. Cash and cash equivalents consist of cash at banks and cash in hand, deposits held at call with banks, treasury bills, other short-term highly liquid investments with less than 90 days maturity from the date of acquisition and bank overdrafts.

4.1.6.2 Financial impact of changes in accounting policies and reclassifications

During the third quarter of 2015 Delta Lloyd reviewed the presentation of its tax positions and decided, in line with IAS 12, to reclassify certain deferred tax positions to provide a better view of the net deferred tax position per fiscal entity. There is no impact on shareholder's equity and profit or loss. The reclassification as at 31 December 2014 relating to certain deferred tax positions took place in the line item deferred tax assets, which decreased with an amount of € 2,055.1 million and in line item deferred tax liabilities, which also decreased with and amount of € 2,055.1 million.

4.1.6.3 Use of assumptions and estimates

Preparing financial statements requires Delta Lloyd to make estimates and assumptions that affect items reported in the consolidated statement of financial position and income statement and the disclosure of contingent assets and liabilities at the date of the financial statements. In particular, this concerns estimates and assumptions used to establish insurance contract provisions (including longevity risk), determine the fair value of assets and liabilities (see section 4.1.7.37 'Fair value of assets and liabilities'), establish impairment (e.g. regarding goodwill, debt securities and equity securities and loans and receivables), employee benefits and deferred acquisition costs. These estimates and assumptions are based on management's best knowledge of current facts, circumstances and, to some extent, future events and actions. Important assumptions are set out in the relevant note. Actual results may ultimately differ, possibly significantly, from these estimates.

Change in estimates

Delta Lloyd measures the fair value of mortgages primarily through the use of a bottom-up discounting spread. This bottom-up spread is compared with a top-down benchmark and adjusted when the bottom-up spread is outside the benchmark. During 2015 changes were made in the assumptions of the methodology. The refinements led to a decrease in the mortgages valued at fair value with an impact of € 54.2 million loss on the net result. The impact on the disclosed fair value of mortgages valued at amortised cost amounts to a net decrease of € 135.8 million.

4.1.6.4 Consolidation principles

Delta Lloyd has control of a structured or other entity if it (a) has power over the entity; (b) is exposed, or has rights, to variable returns due to its involvement in the relevant activities of the entity; and (c) has the ability to use its power to affect the level of return, reflecting a link between power and returns. The assessment of control is based on the substance of the relationship between Delta Lloyd and the entity and, among other things, considers existing and potential voting rights that are substantive. For a right to be substantive, the holder must have the practical ability to exercise that right.

Determining whether Delta Lloyd has control of an entity is generally straightforward, based on ownership of the majority of the voting capital. However, in certain instances this determination will involve judgment, particularly in the case of investment vehicles like investment funds and structured entities (see below).

Subsidiaries are consolidated from the date when effective control is transferred to Delta Lloyd and are excluded from consolidation from the date when effective control is lost.

Delta Lloyd uses the purchase method when a subsidiary is acquired. The acquisition price is the sum of the fair value of assets given, equity instruments issued and any acquisition-related liabilities. Separately identifiable assets, liabilities and contingent liabilities acquired, as well as net assets, are measured at fair value on the acquisition date. The difference between the acquisition price of a subsidiary and the share in net assets that is attributable to Delta Lloyd's equity interest is recognised as goodwill in the financial statements. If the acquisition price is lower than the fair value of the equity interest, the surplus is recognised in the income statement.

Investment funds

Investment funds are consolidated in the financial statements when Delta Lloyd has control. This is the case when Delta Lloyd has power over the investment fund, sufficient variable return, and when Delta Lloyd can use that power to affect these returns. The assessment of control is based on the substance of the relationship between Delta Lloyd and the investment fund and primarily considers voting rights (existing and substantive potential voting rights), but also, among other things, decision-making authority, removal rights and sufficiency of variability of return. In assessing control, all interests Delta Lloyd holds in the investment fund are considered, regardless of whether the financial risk related to the investment is borne by Delta Lloyd or by the policyholders (unless the investment fund meets the criteria of a silo).

Based on this assessment, Delta Lloyd concluded that it controls almost all investment funds it manages and in which it holds an interest and thus consolidates these investment funds in the financial statements.

On consolidation of an investment fund Delta Lloyd recognises the assets of third parties as a separate line item on the face of the balance sheet and the non-controlling interest as a financial liability (Delta Lloyd is obliged to acquire non-controlling interests in such funds in the event that these are offered). These assets and liabilities are accounted for at fair value through profit or loss.

Equity instruments issued by Delta Lloyd NV that are held by investment funds are eliminated on consolidation in equity and not in the measurement of the related financial liabilities towards policyholders or other third parties.

Structured entities

A structured entity is an entity that has been designed so that voting rights are not the dominant factor in deciding who controls the entity, for example when any voting rights relate to administration tasks only and the relevant activities are directed by means of contractual agreements. Delta Lloyd assesses all facts and circumstances and analyses the purpose and design of the entity, including determining which party has power over the relevant activities that most affect its returns and whether there are any additional rights held that may confer such power.

Delta Lloyd has been involved in the design of certain mortgage-backed securitisations in which part of the mortgage portfolio of Delta Lloyd is pooled and transferred to special purpose entities. Delta Lloyd does not directly or indirectly hold shares in these entities. Amstelhuys and Delta Lloyd Bank Belgium entered into interest rate swaps with third parties to hedge the interest payment flows for the special purpose entities. Delta Lloyd Bank Nederland entered into interest rate caps. Delta Lloyd also fully services the securitised mortgages. Delta Lloyd can therefore influence the returns (e.g. defaults of the mortgage portfolio). Part of the credit risk is transferred to the note holders, but the expected credit losses will be fully absorbed by the reserve built up in the special purpose entities of which the residual amount accrues to Delta Lloyd. Consequently, Delta Lloyd remains exposed to the majority of the residual risks.

Delta Lloyd concluded, based on the assessment, that it has control over these special purpose entities and needs to consolidate them in the financial statements.

As part of its investment activities Delta Lloyd also invests in structured entities established by other parties, but none of these investments meet the requirement for Delta Lloyd to have control. See section 4.1.7.15 'Debt and equity securities' for details regarding these securities in unconsolidated structured entities.

4.1.6.5 Foreign currency translation

Foreign currency transactions are initially accounted for at the exchange rate of the functional currency prevailing on the date of the transaction. Gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

Translation differences on debt securities and other monetary financial assets measured at fair value through profit or loss are included in foreign exchange gains and losses in the income statement. Exchange differences resulting from changes in the amortised cost of monetary available-for-sale financial assets are also accounted for in the income statement. Other changes in fair value are included in the investment revaluation reserve within equity.

Translation differences on non-monetary items held at fair value through profit or loss are accounted for as part of fair value changes through profit or loss. Translation differences on non-monetary items whose movements are accounted for through equity are accounted for in the revaluation reserve. Translation takes place at the exchange rates prevailing when fair value is determined.

4.1.6.6 Product classification

Financial assets and liabilities

Delta Lloyd classifies its investments as financial assets at fair value through profit or loss (FVTPL), available-for-sale financial assets (AFS), or loans and receivables. The classification depends on the purpose for which the investment was acquired and is determined when initially recognised. In general, the FVTPL category is used where this eliminates an accounting mismatch.

The category FVTPL has two sub categories - those that meet the definition as being ‘held for trading’ (HFT) and those Delta Lloyd chooses to designate as FVTPL (referred to as ‘other than trading’ or OTT). Derivatives are classified in the HFT category.

Investments classified as HFT, OTT and AFS are measured at fair value. Changes in the fair value of investments HFT and OTT are accounted for in the income statement in the period in which the value change occurs. Changes in the fair value of investments classified as AFS, other than impairment losses and relevant foreign exchange gains and losses, are recorded in the revaluation reserve within equity.

Certain securitised mortgages and related liabilities are managed on the basis of fair value. Delta Lloyd also evaluates their performance on the basis of fair value, in line with its risk strategy. These securitised mortgages and related liabilities are recognised as 'financial assets or liabilities at fair value through profit or loss'.

All other loans and receivables and other liabilities are initially measured at fair value (including transaction costs) and subsequently measured at amortised cost.

Insurance and investment contracts

Insurance contracts are defined as those transferring significant insurance risk but only if, at the inception of the contract, an insured event could cause an insurer to pay substantial additional benefits in any scenario, excluding scenarios that lack commercial substance. Insurance risk is considered significant if the payment on the occurrence of an insured event differs by at least 10% from the payment if the event does not occur. These contracts are considered to be insurance contracts throughout the remaining term to maturity, irrespective of when the insured event occurs. Any contract not included in the scope of IFRS 4 is classified as an investment contract and treated as a financial instrument. Investment contracts can be reclassified as insurance contracts after inception if the insurance risk becomes significant.

Some insurance and investment contracts contain a participating feature, of which the value and timing depend on decisions taken by management. A participating feature is a discretionary right to receive additional benefits that make up a significant portion of the total contractual benefits. These contracts are referred to as discretionary participating feature (DPF) contracts. The additional benefits referred to are contractually based on the performance of a specified portfolio of contracts or a specified type of contract, realised and/or unrealised investment returns on a specified investment portfolio held by Delta Lloyd or the profit or loss of Delta Lloyd, the fund or the subsidiary entering into the contract. Delta Lloyd offers only one DPF product in the Netherlands. In Belgium, all profit-sharing products have discretionary participating features. The discretionary participating features are defined in the policy setting out the DPF products, conditions and calculations. The actuarial department and the management board determine the policy, which is approved by the shareholders' meeting and must be authorised by the Belgian insurance regulator. These Belgian DPF contracts can be either insurance contracts or investment contracts. In Germany (included in the figures until the finalisation of the sale on 1 October 2015), all traditional insurance contracts and single-premium investment contracts have discretionary participating features. Profit sharing in Germany is based on realised interest income and the underwriting result and is added to a provision for future distribution to policyholders. The timing of the release of this provision is at the discretion of the board of Delta Lloyd Deutschland.

Finally, Delta Lloyd has also non-DPF contracts based on an external benchmark (T or U yield). Movements in (non)-DPF contracts are recognised through profit or loss.

4.1.7 Notes to the consolidated financial statements

4.1.7.1 Risk management

In the risk management section Delta Lloyd describes and analyses its main risks, and the approach to managing these. It also provides a sensitivity analysis, based on the main economic and non-economic assumptions that may lead to volatility in results and in shareholders' funds. Please note that the risks associated with Delta Lloyd Deutschland and Delta Lloyd Bank Belgium are not included in the 2015 figures of this paragraph as both entities were sold during the last year. The comparative figures for 2014 have not been adjusted and therefore include the risks associated with Delta Lloyd Deutschland and Delta Lloyd Bank Belgium.

Risk management philosophy

Delta Lloyd's policies are designed to protect Delta Lloyd against events that may jeopardise its ability to achieve sustainable results, the required minimum solvency or its strategic objectives. Delta Lloyd's mission is to manage uncertainty. Risk management is fully embedded in Delta Lloyd's daily operations, to identify, analyse, measure, manage, control and audit risks that may arise in the course of its business operations, in a timely manner. This helps to maintain credit ratings, meet obligations to customers and other creditors, and comply with legislative and regulatory requirements and best practises. Delta Lloyd's approach to risk is based on risk governance, risk processes and systems, risk culture, risk taxonomy and capital model. For further information about these elements of Delta Lloyd's approach to risk, see section 2.4 'Risk management and top five risks'.

Solvency II

Solvency II is the new regulatory framework for insurance companies operating in the European Union. It became effective on 1 January 2016. Solvency I ratios are therefore no longer applicable.

Under Solvency II, capital requirements depend directly on consistently-measured risk. It is based on economic principles for measuring assets and liabilities. Although insurance companies have had to make far-reaching and comprehensive preparations for Solvency II, Delta Lloyd supports the principles underlying the new framework. Delta Lloyd applies risk-based elements in asset allocation, asset liability management (ALM), risk management, capital allocation, product pricing and commercial strategy.

In early 2014, European legislators set the implementation date as 1 January 2016. Delta Lloyd established a Solvency II programme to coordinate all activities requiring attention under Solvency II and the preparatory measures for EIOPA (European Insurance and Occupational Pensions Authority). The project is currently focused on the reporting requirements for Pillar 3. In 2015, all Dutch insurance companies were required to submit Solvency II reports (Quantitative Reporting templates) to DNB, at reporting dates 31 December 2014, 30 June 2015 and 30 September 2015. The 31 December 2014 reports of the solo entities were submitted in June 2015, and Delta Lloyd's report was submitted in July 2015. The second and third quarter 2015 reports have been submitted as well. The report of 31 December 2015 will be submitted in 2016.

In the first half of 2015, Delta Lloyd observed volatility in its solvency ratio, which was caused predominantly by model adjustments, due to remaining uncertainties in the partial internal model. After a thorough analysis ordered by the Executive Board and discussions with DNB, Delta Lloyd determined that it was necessary to recalibrate certain assumptions, such as assumptions relating to operational risk and mortgage valuation, and change from a full to a partial internal model. The Executive Board conducted a full review of the partial internal model in the third quarter of 2015. The Executive Board conducted a full review of the partial internal model in the third quarter of 2015. After thoroughly reviewing it, it was decided that it was necessary to withdraw the application. As Delta Lloyd believes that a partial internal model better reflects the risks than the Standard Formula, it will continue to update and test the partial internal model. After satisfactory test results and in consultation with the College of Supervisors (consisting of the DNB and NBB), Delta Lloyd plans to implement the partial internal model in 2018 and report accordingly. While Delta Lloyd is working to improve the internal model, Delta Lloyd has to report the regulatory capital numbers based on the more prescriptive Solvency II Standard Formula (SF). As a result of using SF, Delta Lloyd is likely to have higher capital requirements than it would if it used an internal model. Delta Lloyd is of the opinion that it is compliant with the capital requirements under Solvency II as at 1 January 2016, subject to certain uncertainties around the implementation of the Solvency II requirements.

The major risks Delta Lloyd is exposed to, their impact and the way they are managed are explained in the following sections. The risk management framework is described in section 2.4.7 'Risk management and top five risks'.

Financial risks

Credit risk

Credit risk consists of default risk, credit spread risk and concentration risk. Default risk is the risk that counterparties are unable or unwilling to meet all or part of their payment obligations. Credit spread risk is the risk that the perceived risk of default increases, reducing the value of the asset (bond, mortgage or otherwise). Concentration risk arises from the concentration of default risk at large counterparties and from inadequate sector or country diversification.

Defaults may occur in the bond, mortgage and consumer and commercial loan portfolios or at counterparties including reinsurers, insurance intermediaries, policyholders, banks, derivative counterparties and other debtors. Delta Lloyd maintained a risk tolerance for credit default risk in the fixed income portfolio (excluding mortgages), at an average credit quality equivalent to an external single A rating. In addition, restrictions were in place to limit concentrations to individual counterparties and countries, based on the EC model as well as based on external ratings.

The credit exposure that Delta Lloyd faces is shown in the table below. The risk reduction effect of credit default swaps is limited and hence not included. The collateral has been capped at the carrying value of the asset. The table below should be read in accordance with the paragraphs and tables in the remainder of this section, which provide details about the risk characteristics of the outstanding risk exposures shown in the table below.

Credit Risk-Own Risk

On 31 December 2015, Delta Lloyds debt securities amounted to € 28.3 billion, of which 46% was invested in sovereign bonds, 34% in corporate and collateralised bonds, and 20% in sub-sovereign bonds). The residential mortgage portfolio of € 13.3 billion (2014: € 16.7 billion) is included under loans and includes securitised residential mortgages. More information about the residential mortgage portfolio of Delta Lloyd, and the changes made to the valuation methodology, can be found in section 4.1.7.37 ‘Fair value of assets and liabilities’.

Credit risk own risk

In millions of euros	Gross credit risk 2015	Collateral 2015	Net credit risk 2015	Gross credit risk 2014	Collateral 2014	Net credit risk 2014
Debt securities	28,342.1	-	28,342.1	31,430.4	-	31,430.4
Loans and receivables at amortised cost	10,676.9	7,247.0	3,429.9	17,082.8	11,157.7	5,925.1
Loans at fair value through profit or loss (FVTPL)	5,235.9	4,577.8	658.1	5,525.3	4,667.7	857.6
Reinsurance assets	562.1	411.7	150.3	652.9	343.3	309.6
Receivables and other financial assets	1,376.8	-	1,376.8	1,998.1	-	1,998.1
Derivatives	1,675.9	1,211.5	464.5	2,244.7	1,974.2	270.5
Deferred tax assets *	478.4	-	478.4	433.6	-	433.6
Current tax assets	47.8	-	47.8	48.9	-	48.9
Accrued interest and prepayments	539.0	-	539.0	669.6	-	669.6
Cash and cash equivalents	2,503.4	-	2,503.4	2,979.8	-	2,979.8
Maximum credit risk recognised on the balance sheet	51,438.2	13,447.9	37,990.3	63,066.1	18,143.1	44,923.0
Gross maximum credit risk not recognised on the balance sheet	419.2	-	419.2	604.8	-	604.8
Gross maximum credit risk own risk	**51,857.4**	**13,447.9**	**38,409.4**	**63,670.9**	**18,143.1**	**45,527.9**

* 2014 Restated, see section 4.1.6.2 'Financial impact of changes in accounting policies and reclassifications'.

For information regarding the Loan to Market Value (LTMV) of the mortgages see section 4.1.7.17 ‘Loans and receivables’.

The decrease in the amount for debt securities is primarily due to the sale of Delta Lloyd Deutschland and Delta Lloyd Bank Belgium, which were finalised in 2015. This explanation also holds for the decrease in loans and receivables. The deferred tax assets have increased as a result of a revaluation of technical provisions and derivatives for tax purposes. Lower interest rates and credit spread decline caused higher derivative positions as well as higher cash and cash equivalents, the latter reflecting the collateral repayment obligations of counterparties.

For the above-mentioned exposures, Delta Lloyd has the following collateral:

- Loans and receivables at amortised cost: property, cash collateral, salary waiver, pledges, term accounts and deposits;
- Loans at fair value through profit or loss: property;
- Reinsurance assets: cash collateral;
- Derivatives: cash collateral.

Delta Lloyd charges its collateral on a daily basis to ensure the fungibility of the underlying assets. Delta Lloyd maintains a diversified fixed-income investment portfolio, structured to match its insurance liabilities. Its credit risk is primarily related to government bonds, corporate bonds, residential mortgages and reinsurance assets. Delta Lloyd's fixed income portfolio managers and specialist staff are primarily responsible for managing default risk. Default rates of Delta Lloyd's residential mortgage loans are monitored and reported monthly. A significant part of the mortgage portfolio is securitised and some of the default risk relating to the securitised mortgages is passed on to third parties (the buyers of the mortgage-backed securities). All assets exposed to credit defaults are monitored at group level. The exposure of the asset portfolio to default and concentration risk is analysed in depth each quarter.

Exposure to sovereign and sub-sovereign debt of southern European countries and Ireland on 31 December 2015 amounted to € 2,456.9 million (2014: € 1,760.5 million). Investments in these countries increased in 2015. In general, southern European economies further stabilized in 2015, which was evidenced by the ending of support programmes and favourable lending conditions in the market. Economic recovery was supported by an unprecedented set of measures that were presented by the ECB to weaken the exchange rate of the euro, increase inflation and support lending to the private sector. In general the risk/return profile for investing in southern European countries has further improved, although the situation per country differs and sustainable recovery still has a long way to go. This is illustrated by the continuing turmoil surrounding Greece. Therefore, Delta Lloyd continues to strictly monitor exposure to southern European countries and Ireland.

The tables below show Delta Lloyd's total exposure to risks in relation to southern European countries and Ireland, including lending to the financial sector and other private businesses. Lending to private businesses in these countries is, by their nature and activities, not necessarily exposed to the same credit risk as in countries where their headquarters are located. The tables are based on Delta Lloyd's 'country of risk' methodology and the figures include accrued interest. The risk-reduction effect of credit default swaps is not shown. On 31 December 2015, Delta Lloyd had hedged a nominal value of € 387.8 million (2014: € 414.2 million) of default risk relating to all fixed-income investments in these countries using credit default swaps. A nominal value of € 25.0 million (2014: € 50.0 million) is hedged against a default of Italy and € 362.8 million (2014: € 364.2 million) against a default of Spain. The 'Other bonds' column includes collateralised bonds. All amounts are gross, i.e. before adjustment for any collateral received.

Position in sovereign, sub-sovereign and other bonds and receivables at year-end

In millions of euros	Sovereign and sub-sovereign bonds	Corporate bonds (non-financials)	Corporate bonds (financials)	Other bonds	Loans and receivables	Total 2015
Portugal	68.3	51.3	-	63.1	-	182.8
Italy	690.0	88.8	67.8	161.4	0.0	1,008.0
Ireland	408.3	85.1	89.3	96.9	-	679.6
Greece	-	28.2	-	-	-	28.2
Spain	1,290.3	250.9	125.9	267.6	-	1,934.7
Total	**2,456.9**	**504.3**	**283.0**	**589.0**	**0.0**	**3,833.3**

Position in sovereign, sub-sovereign and other bonds and receivables at prior year-end

In millions of euros	Sovereign and sub-sovereign bonds	Corporate bonds (non-financials)	Corporate bonds (financials)	Other bonds	Loans and receivables	Total 2014
Portugal	97.2	44.9	0.3	72.4	-	214.8
Italy	650.9	175.4	42.8	306.1	-	1,175.2
Ireland	448.4	55.5	116.0	122.7	-	742.6
Greece	-	5.4	0.3	-	-	5.7
Spain	564.0	230.0	177.7	506.6	263.5	1,741.7
Total	**1,760.5**	**511.2**	**337.1**	**1,007.8**	**263.5**	**3,880.0**

In 2014, the Russian economy deteriorated significantly because of lower oil prices and international sanctions as a result of the conflict in Ukraine. Delta Lloyd's total debt exposure in the Russian Federation on 31 December 2015 amounted to € 2.7 million (2014: € 26.8 million).

Cash position (treasury) limits are in place to maximise exposure to counterparties, and are based on credit ratings. Delta Lloyd monitors this at regular intervals. Counterparty default risk related to derivative contracts is mitigated by collateral and by maintaining a diversified portfolio.

The concentration risk in relation to reinsurance contracts is monitored through Delta Lloyd Security List, which contains the maximum exposure per reinsurance counterparty.

The tables below show Delta Lloyd's own credit risk based on external ratings. The external ratings are based on S&P, but if these ratings are not available then Moody's or Fitch is used. Most of the loans and receivables without external ratings concern residential mortgages. The portfolio exposed to credit risk decreased by approximately € 9,874.6 million during 2015 due to the sale of Delta Lloyd Deutschland and Delta Lloyd Bank Belgium (2014: increase € 4,994.2 million). The average credit rating of the portfolio is slightly lower. Investments in BBB rated securities increased in 2015 due to the ongoing search for yield and to improve the matching with the Volatility Adjustment (VA) reference portfolio.

Gross credit risk own risk at year-end

In millions of euros	AAA	AA	A	BBB	BB	B	Speculative rating	Without external rating	Total 2015
Debt securities	7,379.0	8,653.0	3,520.4	6,125.7	475.7	39.4	0.0	2,148.8	28,342.1
Loans and receivables	31.9	42.2	21.7	6.7	-	-	-	15,810.2	15,912.7
Reinsurance assets	3.7	355.4	137.2	1.2	-	-	-	64.6	562.0
Total	**7,414.7**	**9,050.6**	**3,679.3**	**6,133.5**	**475.7**	**39.4**	**0.0**	**18,023.6**	**44,816.8**

Gross credit risk own risk at prior year-end

In millions of euros	AAA	AA	A	BBB	BB	B	Speculative rating	Without external rating	Total 2014
Debt securities	8,368.3	10,147.0	4,524.5	4,525.0	901.3	24.7	0.0	2,939.5	31,430.4
Loans and receivables	594.5	868.4	323.2	231.6	85.0	-	-	20,505.4	22,608.2
Reinsurance assets	5.7	372.0	208.9	3.6	-	-	-	62.8	652.9
Total	**8,968.5**	**11,387.4**	**5,056.6**	**4,760.2**	**986.3**	**24.7**	**0.0**	**23,507.7**	**54,691.4**

Delta Lloyd suffered limited losses on its portfolio of Dutch residential mortgage loans: € 9.2 million during 2015 (2014: € 7.8 million). The amounts in default remain limited compared to the size of the portfolio. This supports Delta Lloyd’s view that this portfolio is of a high credit quality.

It is in the customer’s interest and stems from Delta Lloyd’s duty of care to costumers in all phases of the mortgage product cycle. For further information regarding forbearance see section 4.1.7.17 ‘Loans and receivables’.

The tables below provide details on the carrying amount of financial assets that have been impaired and the ageing of financial assets that are past due but have not been impaired. The tables relate to own risk financial assets.

Financial assets after impairments at year-end

In millions of euros	Neither past due nor impaired	Financial assets that are past due but not impaired	Financial assets that have been impaired	Total 2015
Debt securities	28,328.1	0.3	13.7	28,342.1
Loans and receivables	15,692.1	143.6	77.1	15,912.7
Receivables and other financial assets	1,298.7	71.2	6.9	1,376.8

Financial assets after impairments at prior year-end

In millions of euros	Neither past due nor impaired	Financial assets that are past due but not impaired	Financial assets that have been impaired	Total 2014
Debt securities	31,419.5	0.3	10.6	31,430.4
Loans and receivables	22,047.6	468.0	92.6	22,608.2
Receivables and other financial assets	1,946.8	44.9	6.4	1,998.1

Maturity of financial assets that are past due but not impaired at year-end

In millions of euros	Within three months	Between three and six months	Between six months and a year	More than one year	Total 2015
Debt securities	-	-	-	0.3	0.3
Loans and receivables	94.6	14.5	18.0	16.4	143.6
Receivables and other financial assets	32.6	25.5	13.1	-	71.2
Total	**127.2**	**40.0**	**31.1**	**16.7**	**215.0**

Maturity of financial assets that are past due but not impaired at prior year-end

In millions of euros	Within three months	Between three and six months	Between six months and a year	More than one year	Total 2014
Debt securities	-	-	-	0.3	0.3
Loans and receivables	337.8	64.5	41.1	24.6	468.0
Receivables and other financial assets	23.7	6.9	14.2	-	44.9
Total	**361.6**	**71.5**	**55.3**	**24.9**	**513.3**

The fair value of collateral held for loans that are past due and not yet impaired was € 158.2 million on 31 December 2015 (2014: € 400.2 million).

Equity risk

Equity risk is the risk of loss in assets and liabilities as a result of lower market prices, or changes in the volatility of equity prices. Most of Delta Lloyd's equity risk is in the investment portfolio and there is equity related risk originating from guarantees in the unit-linked and GSB liabilities portfolio. In 2015, Delta Lloyd kept the risk tolerance for equity risk at 35% of total available economic capital.

On 31 December 2015, Delta Lloyd's equity portfolio which was held at own risk was € 2.2 billion (2014: € 3.0 billion). Approximately 11% (2014: 10%) of these equity investments were in shareholdings with a stake of 5% or more of the outstanding capital of mainly Dutch companies; 49% (2014: 56%) was in investment funds; and 16% (2014: 19%) in alternative equity (includes private equity, hedge funds and CDO equity) at 31 December 2015.. The property and bond funds with a value of € 0.6 billion on 31 December 2015 (2014: € 1.3 billion), are accounted for in equity securities (investment funds). The remaining 24% (2014: 15%) of the portfolio comprised ordinary and preference shares at 31 December 2015. Excluding private equity, preference shares and property and bond funds, and including equity derivatives, the equity portfolio was € 1.8 billion on 31 December 2015 (2014: € 1.8 billion).

Because of high capital charges for equity under Solvency II, Delta Lloyd has reduced its equity exposure. Due to Solvency II and under its revised investment strategy, Delta Lloyd is adjusting its asset mix to achieve an optimal balance between yield and risk. Consequently, Delta Lloyd has sold, and is in the process of selling, a large part of its private equity portfolio. Delta Lloyd reduced equity risk by selling € 426 million of equity securities during 2015 (2014: € 547 million). This amount excludes the sale of private equity fund, but includes the sale of other alternatives.

Delta Lloyd has examined the optimal equity hedge strategy for its portfolio and concluded that the use of options may lead to suboptimal results. Delta Lloyd therefore decided to gradually reduce its equity option portfolio. Equity put option exposure has been reduced from a notional value of € 1.2 billion on 31 December 2014 to zero on 31 December 2015. The notional value of short futures was € 0.5 billion (2014: € 0.5 billion).

Property Risk

Property risk is the risk of losses due to lower prices of property investments. There is no direct property risk in Delta Lloyd's liabilities. Rental income from the residential portfolio offers protection to the long-term inflation risk faced by Delta Lloyd's life insurance business.

On 13 November 2015, Delta Lloyd announced that it had sold its office investment portfolio to Singapore-based First Sponsor Group Limited (Ltd) for € 226 million. The portfolio includes 16 prime location office buildings in the Netherlands. Some of these buildings, including the Mondriaan Tower in Amsterdam, are in use by Delta Lloyd and Delta Lloyd will remain on a tenant in these buildings. Following this sale, Delta Lloyd has divested almost its entire office portfolio with the exception of some buildings (€ 19 million) that will be occupied by Delta Lloyd entities or will be transformed into residential units.

On 23 December 2015, Delta Lloyd announced that it had sold its retail portfolio to EPISO 4 for € 273 million. The sale comprised 15 retail centres and premises at prime locations in the Netherlands. With this sale Delta Lloyd has divested its entire retail property portfolio.

The sale of the retail and office portfolios falls under the management actions announced for the transition to Solvency II. This will help to simplify the property portfolio and reduce the risks in the investment portfolio.

Delta Lloyd's real estate portfolio on 31 December 2015 mainly consists of directly owned residential assets, with a focus on the Netherlands, and indirect exposure to real estate through other investments, namely non-listed Dutch real estate funds.

On 31 December 2015, Delta Lloyd's property portfolio (excluding property funds), which is held at own risk, was valued at € 1.1 billion (2014: € 2.2 billion), divided into residential 88% (2014: 45%), offices 4% (2014: 35%), retail 0% (2014: 13%), property occupied by Delta Lloyd 5% (2014: 5%) and other 3% (2014: 2%)

Of this portfolio, on 31 December 2015, 89% was located in the Netherlands and 11% in Belgium, compared with 31 December 2014, when 69% was located in the Netherlands, 25% in Germany and 6% in Belgium. Residential property, which to date has remained relatively steady, accounts for the largest share of the portfolio.

Vacancy rates for property in the Netherlands on 31 December 2015 were 2% for residential, 8% for retail and 27% for offices, compared with 2% for residential, 8% for retail and 26% for office on 31 December 2014. Vacancy rates for the Dutch property portfolio are calculated by stating rental income foregone as a percentage of total gross rental income, this year-to-year cumulative rate includes the vacancy of the sold property portfolio.

The contractual terms of leases for offices in the Netherlands excluding those occupied by Delta Lloyd range from two to more than five years.

Delta Lloyd's short-term strategy for direct real estate investments is to maximise free cash flow and optimise the holdings in its portfolio. In the medium and long-term, Delta Lloyd seeks to be an active real estate fund manager for itself. In addition, it seeks to develop and launch beneficial real estate investment opportunities for itself.

Interest rate risk

Delta Lloyd is subject to interest rate risk as the market value of the assets and liabilities depends mainly on interest rates. There is an additional risk regarding fixed-income assets and instruments, as the yields on these assets may develop differently from the yields used to value the insurance liabilities.

Delta Lloyd uses the greater of the swap and the minimum cost replicating portfolio represented by the Collateralised AAA curve to measure the value of most insurance liabilities. An ultimate forward rate (UFR) of 4.2%, which will be reached in 40 years starting at year 20, is used in line with the methodology adopted by the DNB for the Dutch Financial Supervisory Act (Wft) adequacy test and Solvency II. On 31 December 2014, there was only one bond in the Collateralised AAA curve with a maturity exceeding 15 years. Due to its downgrade by Fitch to AA, the bond disappeared from the Collateralised AAA curve on 2 January 2015. During 2015, Delta Lloyd decided to continue using the Collateralised AAA curve.

The Collateralised AAA curve consisted of 429 bonds on 31 December 2015 compared with 381 bonds on 31 December 2014. The 10-year point of the Collateralised AAA curve on 31 December 2015 was 1.09 %.The Collateralised AAA curve currently exceeds the DNB swap curve for most interest rate durations. An UFR of 4.2% is accepted marketwide by insurers for solvency purposes, is in line with the findings of EIOPA and close to the forward rate as calculated by the methodology of the commission UFR. Delta Lloyd therefore still considers a UFR of 4.2% suitable for estimating market interest rates and for valuing its assets and insurance liabilities.

The Dutch life insurance entities of Delta Lloyd also use the Collateralised AAA curve as a basis for reporting under the Wft. The adequacy of the insurance liabilities is assessed on the basis of the DNB swap curve with UFR and deficits are added to the insurance liabilities.

The interest rate risk management aims to ensure a stable Solvency II ratio to the maximum extent possible. Interest rate risk is managed by matching the interest rate sensitivity of assets and liabilities, and by cash flow matching. The interest rate risk is controlled by means of fixed income instruments such as bonds and mortgages, derivatives including swaps and swaptions. The unit-linked guarantee is actively hedged in a separate portfolio. The risk tolerance was set at 12.5% of Delta Lloyd's total available economic capital for level risk and at 7.5% for slope risk.

The effect of interest rate movements on an economic basis may be different compared to the effects on a regulatory basis. One important factor causing this difference is the UFR. The UFR impacts the interest rate sensitivity of liabilities for maturities beyond 20 year. Because the UFR is only applied to liabilities, those assets and liabilities with maturity > 20 year react differently to the same curve movements. This difference in interest rate risk sensitivity is difficult to manage, and hedging it worsens the cash flow matching or economic hedging. Although Delta Lloyd has accepted this risk in order to maintain cash flow matching, it will continue to closely monitor this risk.

Inflation risk

Delta Lloyd has written collective pension policies under which pension benefits are indexed in line with the Dutch or European inflation rate. Part of this inflation risk is hedged by inflation-linked derivative instruments. Delta Lloyd also faces inflation risk on claims provisions: if inflation rises, so will claims payments. For example, car damage repair costs will be higher than was projected when the premium was set. Finally, Delta Lloyd’s expenses are sensitive to inflation risk as a result of, for example, increasing wages. In the event of deflation, the pension obligations are not adjusted downwards, even though the value of the inflation linked swaps would fall. On the other hand, deflation reduces economic costs. This has a positive net effect on total required economic capital employed by Delta Lloyd. The inflation risk tolerance was set at 7.5% of total available economic capital.

Currency risk

Delta Lloyd defines currency risk as the risk that the value of financial instruments will change due to exchange rate fluctuations.

Delta Lloyd operates primarily within the euro area. Its investments in foreign currencies are mainly in pound sterling and the US dollar. Delta Lloyd hedges fixed income investments in liquid foreign currencies to limit the impact of exchange rate fluctuations on profit and loss.

Delta Lloyd does not apply hedge accounting under IAS 39 to offset currency risk. The sensitivity to foreign currency in the event of a 10% decrease in the exchange rate of all foreign currencies at the same time was € -105.2 million (2014: € -115.4 million) on the result before tax and € -78.9 million (2014: € -86.6 million) on capital and reserves on 31 December 2015. In 2015, the risk tolerance for currency risk was set at 4% of total available economic capital, the same as in 2014.

If an internationally-operated company expresses its equity in foreign currency, the value of the equity is expected to rise if the exchange rate in which the equity is quoted falls. This compensating effect has not been included in the sensitivity analysis.

The table below demonstrates foreign currency assets and liabilities that are held at Delta Lloyd’s own risk. The amounts are before and after hedging using currency derivatives. The category ‘Other’ consists mainly of Indonesian Rupiah, Turkish lira and New Taiwan dollars.

Foreign currency exposure own risk

In millions of euros	Currency exposure at year-end	Hedged through currency derivatives at year-end	Net currency exposure at year-end	Currency exposure at prior year-end	Hedged through currency derivatives at prior year-end	Net currency exposure at prior year-end
Pound sterling	265.5	135.0	130.5	185.9	83.7	102.2
US dollar	1,040.8	768.9	271.9	1,075.4	644.6	430.8
Brazilian real	29.4	-	29.4	50.8	-0.4	51.2
Canadian dollar	19.8	9.9	9.9	39.2	10.4	28.8
Swedish krona	21.1	2.3	18.8	26.8	9.6	17.2
Singapore dollar	10.6	-	10.6	17.7	-	17.7
Hong Kong dollar	39.0	-	39.0	53.3	-	53.3
Danish krone	140.8	113.9	26.9	204.4	199.0	5.4
Japanese yen	79.6	11.8	67.8	139.6	93.1	46.5
Mexican peso	40.5	-	40.5	39.2	-	39.2
Polish zloty	39.5	-	39.5	33.0	-	33.0
South African rand	45.5	-	45.5	57.1	-0.3	57.4
Swiss franc	56.4	5.2	51.2	10.8	4.5	6.3
Malaysian ringgit	34.1	-	34.1	30.6	-	30.6
Australian dollar	33.7	-	33.7	29.4	-	29.4
Other	196.3	-6.7	203.0	186.3	-19.1	205.4
Total	**2,092.6**	**1,040.3**	**1,052.3**	**2,179.5**	**1,025.1**	**1,154.4**

Underwriting risk

Underwriting risks arise from the possibility that insurance premiums and/or provisions will not be sufficient to meet future payment obligations. This can occur due to mis-selling, inadequate pricing or when claims differ from what was expected. To manage the underwriting risk, Delta Lloyd has a policy that is periodically tested, in order to ensure that the underwritten risks remain within accepted limits. Each business unit has a dedicated pricing team and a pricing board, that reflect on the pricing and underwriting.

Life Insurance

The main underwriting risks for life insurance are mortality risk, longevity risk, lapse risk and expense risk.

Delta Lloyd distinguishes between three risk factors within mortality risk: catastrophe risk, trend risk and portfolio-specific mortality risk. Within longevity risk, trend risk and portfolio-specific longevity risk are accounted for. Catastrophe and trend risks relate to national developments while the portfolio-specific mortality risk relates to variances in mortality between the national trend and Delta Lloyd’s portfolio. The sensitivity analysis separately demonstrates the effects of a change in mortality assumptions.

Delta Lloyd manages longevity risk (the risk that people will live longer than expected) through hedging and detailed analysis, using mortality data within its portfolio as well as the latest external industry data and trends. Delta Lloyd uses this data to form adequate insurance liabilities. Expected future mortality improvements are incorporated in the pricing of products. In principle and when appropriate, Delta Lloyd uses the most recent mortality forecasts when valuing insurance liabilities, other than term life policies.

As from 31 December 2014, Delta Lloyd updated the mortality table to the AG2014 mortality prognosis, which is based on more up-to-date mortality figures than the previous AG2012 prognosis that had been used. One of the main strengths of the AG2014 mortality prognosis is that it is based on historic mortality figures in the Netherlands, but also takes into account the stable European mortality development trend. This makes it transparent, reproducible and suitable for the majority of the population relevant to Delta Lloyd.

Delta Lloyd is setting aside additional longevity provisions for annuity and pension products on top of the premium principles. The additional longevity provisions were € 2,240.7 million on 31 December 2015 and € 2,238.0 million on 31 December 2014. The increase is mainly caused by lower interest rates.

In August 2014 and June 2015 Delta Lloyd completed transactions with Reinsurance Group of America (RGA) to partially mitigate the longevity risk related to its Dutch life insurance portfolio by entering into a six-year and an eight-year longevity derivative, relating to underlying reserves of approximately € 12 billion each. These longevity derivatives will reduce the financial impact of policyholders living longer than currently expected during the term of the longevity derivative contract. In exchange for this protection a fixed premium is paid to RGA at contract maturity that is offset against any payments from RGA due under the longevity derivatives

Mortality risk (the risk that people will die sooner than expected) is also significant to Delta Lloyd's Life insurance business. As with longevity, insight into this risk is obtained by extensive analysis of mortality statistics. Although mortality and longevity risks are opposite risks, they cannot always be netted because of the different age structures and exposures in the portfolios concerned.

Mortality risk is managed by reinsurance and checks for accepting new business. The mortality risk reinsurance programme is set annually. On 31 December 2014, Delta Lloyd Levensverzekering renewed the additional one-year mortality reinsurance contract originally agreed in 2011. The capital relief for 2015 has increased compared to 2014. This contract was not renewed on 1 January 2016, when a one-year stop-loss reinsurance contract was entered into, leading to additional capital relief for 2016. To manage mortality risk, Delta Lloyd's guidelines for term life business include mandatory medical examinations above set limits.

The life insurance business is also exposed to lapse risk. This involves the options available to policyholders to change their insurance. At Delta Lloyd, this mainly involves the possibility that the policies are surrendered, or become paid-up. Keeping life insurance products attractive for customers, agents, intermediaries and banks is key to managing this risk. Trends in lapses in the portfolio are carefully monitored.

Due to the low interest rate environment, most interest-guaranteed products are 'in the money' and the most important risk element for these types of products that they have lower lapses than anticipated.

Expense risk to life insurance mainly involves the risk of increasing costs for maintaining current policies. Delta Lloyd manages this risk through detailed budgeting, a dedicated cost reduction program and monitoring all costs using activity-based costing (ABC).

Life insurance contracts do not have a high concentration risk.

Delta Lloyd regularly tests whether insurance liabilities are adequate. The liabilities in this adequacy test are measured using realistic assumptions plus a margin for uncertainty. Delta Lloyd tests for the purpose of both IFRS (liability adequacy test) and Wft (adequacy test). Each year, an external actuary provides an opinion on the adequacy of the technical provisions. Both IFRS and the Wft tests require the overall technical provisions to be adequate.

On 31 December 2015 compared to year-end 2014, the risk margin increased by € 139 million for IFRS and € 411 million for Wft. The increase of the IFRS risk margin is mainly due to the effect of following the inclusion of operational risk on the Standard Formula basis at half-year 2015. The increase of the risk margin for Wft is mainly caused by the impact of using SF NHR capitals rather than EC NHR capitals at year-end 2015.

General Insurance

Risk management of the general insurance portfolios focuses on risk mitigation through strict acceptance policies, stringent claims-handling procedures and risk-based reinsurance contracts.

An acceptance policy is developed for each Delta Lloyd product line and is evaluated each year and revised if necessary. Regular random checks are carried out on the product lines to check whether underwriters are following the rules and regulations.

Delta Lloyd has customised reinsurance programmes for the various business units and risk groups. The exposure to the parent reinsurance companies of these reinsurance contracts (General Insurance, Life insurance and Delta Lloyd Life Belgium) are monitored in the Delta Lloyd Security List, to ensure that they remain below the concentration limits of Delta Lloyd's risk appetite.

Catastrophic events are a major risk to Delta Lloyd's general insurance business. The main natural catastrophe threatening the Netherlands is storms causing severe wind damage. Delta Lloyd's cumulative risk (maximum possible loss) resulting from natural disasters (particularly storms) is identified using postal codes. Delta Lloyd purchased a reinsurance contract offering protection against a one-in-200 year storm based on the RMS catastrophe model. The catastrophe reinsurance contract for 2015 provides a cover of € 400 million above the retention limit of € 40 million, compared with a cover of € 390.0 million above the retention limit of € 50.0 million for 2014.

For a second catastrophe the retention limit is lowered to € 20.0 million by means of a special reinsurance contract.

Delta Lloyd's general insurance business also faces risks regarding the frequency and size of claims, unexpected claims, inaccurate pricing of the general insurance risks, inadequate reinsurance protection and concentration risk. To manage the risk of higher claim frequencies and higher-than-expected claims and a higher ratio of claims to premiums (claims ratio), Delta Lloyd monitors the probability of occurrence and the required economic capital per risk group.

In addition, reinsurance contracts per risk group are in place, covering Delta Lloyd against large one-off events such as fires. All these contracts cover both Dutch property and casualty entities within Delta Lloyd.

The Dutch Marine Insurance portfolio risk was transferred to a reinsurance company. The reinsurance company that took over the risk is specialised in runoff business. By setting up a trust the counterparty default risk of this transaction is minimised.

Delta Lloyd takes the ‘premium rating cycle’ characteristic of the general insurance industry into account when pricing general insurance policies. Favourable market results put downward pressure on premiums (due to a higher capital supply) and this leads to weaker financial performance, necessitating an increase in premiums. Delta Lloyd has product teams and specific knowledge centres to manage this risk and for the correct timing of premium pricing or adjustments.

To value insurance liabilities for the general insurances, Delta Lloyd calculates best estimates based on standard actuarial projection techniques. Delta Lloyd therefore uses past claims to project future claims development. This involves the risk that the insurance liabilities may prove to be inadequate.

The adequacy of claim liabilities is therefore tested each quarter, with the external actuary providing an opinion on the adequacy of the technical provisions. Both IFRS (liability adequacy test) and Wft (adequacy test) require the overall technical provisions to be adequate at the legal entity level. Delta Lloyd has internal requirements of adequacy on the segment level of property and casualty as well as disability insurance.

Liquidity Risk

Delta Lloyd has a strong liquidity position, and therefore liquidity risk at group level is deemed to be limited. Active cash management within Treasury ensures Delta Lloyd has sufficient liquidity to meet its liabilities when these fall due. Within Delta Lloyd, the banking operations face the highest liquidity risk. This is the risk that liquid assets are insufficient to meet potential short-term obligations. The banking activities have a separate liquidity policy in place to mitigate this risk. The liquidity risk is closely monitored by risk management functions and asset liability committees within the banking business.

In 2015 and 2014, Delta Lloyd regularly used its Commercial Paper Programme, set up in 2010, to meet part of its short-term financing requirement. The maximum total financing available under these programmes is € 4.0 billion. Delta Lloyd also has substantial committed and uncommitted credit facilities in place with several reputable financial institutions.

Delta Lloyd’s insurance operations face a limited liquidity risk: there are sufficient liquid investments and inflows of new premiums compared to a stable outflow of payments. Delta Lloyd has defined a target liquidity coverage ratio (LCR) of 105% for the insurance entities. The LCR largely meets the target, i.e. the ratios show that in case of a stress situation (e.g. mass lapse, catastrophe), Delta Lloyd will have a sufficient liquid stock of assets.

Delta Lloyd’s banking business requires liquidity mainly to fund residential mortgages and retail lending. Residential mortgages are also funded from alternative sources, such as savings, premium deposits, intercompany loans and assignments, traditional bank financing and repurchase agreement transactions. In 2015, € 23.0 million of funding was obtained through bank annuities, compared with € 98.1 million in 2014. If necessary, Delta Lloyd can partially limit its funding needs by increasing the margins on mortgage loans, thereby limiting new mortgage lending.

The tables below provide details on the contractual maturity of the assets on the statement of financial position of Delta Lloyd. The amounts reported are Delta Lloyd’s own risk. The derivatives are presented in a separate table. The receivables and other financial assets are not included in the statement as they are held for the short term. See section 4.1.7.20 ‘Receivables and other financial assets’ for further information on receivables and other financial assets included in the 2015 Financial Statements incorporated by reference herein.

Contract maturity date of assets at year-end

In millions of euros	Within one year	Between one and three years	Between three and five years	More than five years	Not stated	Total 2015
Goodwill	-	-	-	-	269.2	269.2
AVIF and other intangible assets	-	-	-	-	90.9	90.9
Deferred acquisition costs	-	-	-	-	109.9	109.9
Property and equipment	-	-	-	-	55.1	55.1
Investment property	-	-	-	-	1,052.2	1,052.2
Associates and joint ventures	-	-	-	-	278.9	278.9
Debt securities	688.9	1,134.3	1,914.8	24,487.6	116.4	28,342.1
Equity securities	-	-	-	-	2,169.3	2,169.3
Loans and receivables	44.4	262.6	374.6	14,826.3	404.9	15,912.7
Reinsurance assets	102.3	91.9	61.4	306.4	-	562.0
Inventory of real estate projects	-	-	-	-	-	-
Accrued interest and prepayments	524.0	15.0	-	-	-	539.0
Cash and cash equivalents	2,503.4	-	-	-	-	2,503.4
Assets held for sale	29.2	-	-	-	-	29.2
Total	**3,892.3**	**1,503.9**	**2,350.8**	**39,620.3**	**4,546.8**	**51,914.0**

Contract maturity date of assets at prior year-end

In millions of euros	Within one year	Between one and three years	Between three and five years	More than five years	Not stated	Total 2014
Goodwill	-	-	-	-	290.4	290.4
AVIF and other intangible assets	-	-	-	-	104.2	104.2
Deferred acquisition costs	-	-	-	-	118.3	118.3
Property and equipment	-	-	-	-	102.2	102.2
Investment property	-	-	-	-	2,079.5	2,079.5
Associates and joint ventures	-	-	-	-	338.3	338.3
Debt securities	568.3	1,633.4	1,663.8	27,428.4	136.5	31,430.4
Equity securities	-	-	-	-	2,964.0	2,964.0
Loans and receivables	2,244.2	784.4	954.7	18,548.1	76.7	22,608.2
Reinsurance assets	136.3	111.3	68.4	336.9	-	652.9
Inventory of real estate projects	-	-	-	-	-	-
Accrued interest and prepayments	669.6	-	-	-	-	669.6
Cash and cash equivalents	2,979.8	-	-	-	-	2,979.8
Assets held for sale	3.1	-	-	-	-	3.1
Total	**6,601.3**	**2,529.1**	**2,687.0**	**46,313.4**	**6,210.1**	**64,340.8**

The tables below present the maturity analysis for derivatives. The amounts reported are held at Delta Lloyd’s own risk and at the risk of policyholders. All positive cash flows are added up and broken down by maturity, and all negative cash flows are added up and broken down by maturity. Neither the positive nor the negative cash flows are discounted, so they cannot be reconciled with the statement of financial position.

Maturity analysis of derivatives at year-end

In millions of euros	Within one year	Between one and three years	Between three and five years	More than five years	Total 2015
Negative cash flow	1,519.6	158.9	199.0	5,264.2	7,141.6
Positive cash flow	1,667.5	491.8	350.1	5,837.7	8,347.1

Maturity analysis of derivatives at prior year-end

In millions of euros	Within one year	Between one and three years	Between three and five years	More than five years	Total 2014
Negative cash flow	1,761.7	308.9	373.5	4,385.9	6,830.1
Positive cash flow	1,889.6	941.2	316.1	5,448.4	8,595.3

The tables below provide information on the contract maturity dates of the insurance contracts. The amounts are discounted cash flows.

Contract maturity date of insurance contract liabilities at year-end

In millions of euros	Within one year	Between one and five years	Between five and fifteen years	More than fifteen years	Total 2015
Non-unit-linked	1,481.5	5,307.9	11,752.4	12,596.8	31,138.6
Unit-linked	799.7	2,710.0	4,859.9	4,241.3	12,611.0
Total life insurance contract liabilities	2,281.3	8,017.9	16,612.3	16,838.1	43,749.6
General insurance liabilities	625.6	807.6	512.7	94.3	2,040.3
Total	**2,906.9**	**8,825.6**	**17,125.0**	**16,932.5**	**45,789.9**

Contract maturity date of insurance contract liabilities at prior year-end

In millions of euros	Within one year	Between one and five years	Between five and fifteen years	More than fifteen years	Total 2014
Non-unit-linked	2,098.5	6,498.9	12,643.9	13,458.9	34,700.2
Unit-linked	938.0	2,882.2	5,170.5	4,620.5	13,611.1
Total life insurance contract liabilities	3,036.5	9,381.1	17,814.4	18,079.4	48,311.4
General insurance liabilities	692.1	832.3	540.2	105.7	2,170.4
Total	**3,728.7**	**10,213.4**	**18,354.6**	**18,185.1**	**50,481.7**

The tables below provide details on the contract maturity dates of investment contracts. The amounts shown are undiscounted cash flows and therefore cannot be reconciled with the statement of financial position. There is an increase of € 594.8 million for the year ended 31 December 2015.

Contract maturity date of investment contracts at year-end

In millions of euros	Within one year	Between one and five years	Between five and fifteen years	More than fifteen years	Total 2015
Non-unit-linked	168.1	882.6	2,592.4	2,532.7	6,175.8
Unit-linked	21.5	237.7	619.8	958.9	1,837.9
Total life investment contract liabilities	**189.6**	**1,120.3**	**3,212.2**	**3,491.6**	**8,013.7**

Contract maturity date of investment contracts at prior year-end

In millions of euros	Within one year	Between one and five years	Between five and fifteen years	More than fifteen years	Total 2014
Non-unit-linked	302.9	1,017.5	2,401.0	2,456.2	6,177.6
Unit-linked	13.8	175.3	573.6	478.6	1,241.3
Total life investment contract liabilities	**316.7**	**1,192.8**	**2,974.6**	**2,934.8**	**7,418.9**

The tables below provide details on the contractual maturities of borrowings. The amounts reported may differ from those in the consolidated statement of financial position, which are based on undiscounted cash flows. Items that do not generate cash flow are discounting, amortisation of expenses, value changes in derivatives, own risk surcharges and the like. In addition, undiscounted future interest payments are reported in a separate line and allocated to the relevant maturity category.

Interest payments on loans and loan terms are recognised until the contract end date.

Contract maturity date of borrowings at year-end

In millions of euros	within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	More than five years	Total 2015
Subordinated debt	-	-	-	-	-	1,650.8	1,650.8
Securitised mortgage loan notes	-	-	-	-	-	2,218.9	2,218.9
Medium-term note	-	575.0	-	-	-	-	575.0
Commercial paper	164.9	-	-	-	-	-	164.9
Convertible loan	-	-	-	-	-	2.0	2.0
Total borrowings	164.9	575.0	-	-	-	3,871.7	4,611.5
Future interest payments	133.2	133.0	108.5	108.5	108.5	4,949.2	5,541.0
Total borrowings including future interest payments	**298.1**	**708.0**	**108.5**	**108.5**	**108.5**	**8,820.9**	**10,152.6**

Contract maturity date of borrowings at prior year-end

In millions of euros	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	More than five years	Total 2014
Subordinated debt	-	-	-	-	-	1,650.7	1,650.7
Amounts owed to credit institutions	-	-	-	-	-	-	-
Securitised mortgage loan notes	-	-	-	15.3	-	2,920.1	2,935.4
Medium-term note	-	-	575.0	-	-	-	575.0
Commercial paper	311.0	-	-	-	-	-	311.0
Convertible loan	-	-	-	-	-	2.0	2.0
Other	42.1	88.4	24.5	4.7	3.8	16.7	180.3
Total borrowings	353.2	88.4	599.5	20.1	3.8	4,589.6	5,654.4
Future interest payments	127.9	125.6	146.5	145.9	121.2	5,333.7	6,000.9
Total borrowings including future interest payments	**481.1**	**214.0**	**746.0**	**165.9**	**125.1**	**9,923.3**	**11,655.4**

Sensitivity analysis

Due to the nature of Delta Lloyd's business, a number of assumptions are made in compiling the financial statements. These include assumptions concerning mortality rates and expenses in connection with in-force business. The investment return also affects the results. The sensitivity of the result and shareholders' funds to changes in assumptions is set out below. For each sensitivity factor, all other assumptions have been left unchanged. This is unlikely to occur in practice and changes in some of the assumptions may be correlated, for instance a change in interest rate with a change in equity prices. These sensitivities can be described as follows:

Sensitivity factor

Factor	Description of sensitivity factor
Credit spreads	The effect of a 50 bps change in credit spread (applicable to sovereign, sub-sovereign and collateralised bonds with a rating below AAA, corporate bonds, FV loans).
Interest rates	The effect of a 25 bps increase or decrease across the yield curve taking the UFR methodology into account (UFR is not changed).
Equity values	The effect of a change of 10% in equity value (applicable to ordinary shares, 5% participations, investment funds and derivatives), taking into account a beta factor of 84% (2014: 81%).
Property values	The effect of a change of 10% in property value (applicable to offices, residential, retail and other property).
Funding spreads	The effect of a 50 bps change in funding spread (applicable in the valuation of FV mortgages without a NHG guarantee and mortgage funding).
Expenses	The effect of a 10% increase in expense assumptions
Mortality and disability risk in life insurance	The effect of an increase of 5% in mortality and disability risk probabilities.
Longevity risk	The effect of a reduction of 5% in mortality probabilities.
Additional interest sensitivities on the Collateralised AAA curve	The effect of a Last Liquid Point (LLP) of 15 years.
Additional interest sensitivities on the Collateralised AAA curve	The effect of a UFR of 3.2%
Additional interest sensitivities on the Collateralised AAA curve	The effect of a LLP of 15 years in combination with a UFR of 3.2%.

The effects of these sensitivity factors, which are determined using actuarial and statistical models, are shown in the tables below. For life insurance, the sensitivities are only disclosed gross of reinsurance as the reinsured portion does not lead to a material change in value. For general insurance, the sensitivities are shown both gross and net of reinsurance. The sensitivity analysis of level 3 measurements in the fair value hierarchy (measurement method not based on significant observable market inputs) is presented in section 4.1.7.37 'Fair value of assets and liabilities'. The sensitivity analysis of pensions is presented in section 4.1.7.29 'Pension obligations'.

The tables below show the impact of the main market risks for Delta Lloyd on results and shareholders' funds. The IFRS sensitivities are based on Delta Lloyd accounting policies and are shown after tax. The interest rate sensitivities take into account the UFR methodology and are calculated using a fixed UFR (UFR is only changed in the specific UFR and LLP scenarios on the Collateralised AAA curve). The sensitivities of Delta Lloyd Deutschland and Delta Lloyd Bank Belgium are not taken into account in the figures of 31 December 2014 and 31 December 2015. Both entities are sold during 2015 and were classified as held for sale on 31 December 2014 with a fixed exit value.

Sensitivity analysis of investments of Life insurance business

In millions of euros	Impact on result at year-end	Impact on shareholders' funds at year-end	Impact on result at prior year-end	Impact on shareholders' funds at prior year-end
Credit spreads +50 bps	-588.4	-588.4	-426.5	-426.5
Credit spreads -50 bps	643.4	643.4	463.2	463.2
Interest rates +25 bps	-829.1	-829.1	-845.5	-845.5
Interest rates -25 bps	877.4	877.4	899.2	899.2
Equity values +10%	-7.6	55.9	-25.5	35.6
Equity values -10%	11.1	-52.4	38.9	-22.3
Property values +10%	99.5	99.5	140.2	140.2
Property values -10%	-99.5	-99.5	-140.2	-140.2

Sensitivity analysis of liabilities of Life insurance business

In millions of euros	Impact on result at year-end	Impact on shareholders' funds at year-end	Impact on result at prior year-end	Impact on shareholders' funds at prior year-end
Credit spreads +50 bps	-	-	-	-
Credit spreads -50 bps	-	-	-	-
Interest rates +25 bps	798.9	798.9	823.0	823.0
Interest rates -25ps	-836.6	-836.6	-861.7	-861.7
Equity values +10%	40.3	40.3	37.0	37.0
Equity values -10%	-46.9	-46.9	-39.4	-39.4
Property values +10%	-	-	-	-
Property values -10%	-	-	-	-
Mortality rates -5%	-218.0	-218.0	-213.5	-213.5
Expense risk +10%	-30.1	-30.1	-35.1	-35.1
Mortality rates +5%	203.5	203.5	207.4	207.4
Collateralised AAA curve with LLP 15 yr	501.6	501.6	NA	NA
Collateralised AAA curve with UFR 3.2 %	-304.4	-304.4	NA	NA
Collateralised AAA curve with LLP 15 yr and UFR 3.2%	-8.7	-8.7	NA	NA

Sensitivity analysis of General Insurance, gross of reinsurance

In millions of euros	Impact on result at year end	Impact on shareholders' funds at year end	Impact on result at prior year end	Impact on shareholders' funds at prior year end
Credit spreads +50 bps	-11.0	-25.4	-12.9	-25.9
Credit spreads -50 bps	11.5	26.7	13.5	27.2
Interest rates +25 bps	1.5	-8.3	2.6	-8.7
Interest rates -25 bps	-1.0	9.1	-2.7	9.0
Equity values +10%	0.3	18.5	0.4	10.6
Equity values -10%	-0.6	-18.0	-1.0	-10.6
Property values +10%	-	0.3	-	4.1
Property values -10%	-	-0.3	-	-4.1
Expense risk +10%	-23.2	-5.4	-23.8	-5.1
Claims ratio +5%	-32.2	-32.2	-36.4	-36.4

Sensitivity analysis of General Insurance, net of reinsurance

In millions of euros	Impact on result at year-end	Impact on shareholders' funds at year-end	Impact on result at prior year-end	Impact on shareholders' funds at prior year-end
Credit spreads +50 bps	-11.0	-25.4	-12.9	-25.9
Credit spreads-50 bps	11.5	26.7	13.5	27.2
Interest rates +25 bps	1.5	-8.3	2.6	-8.8
Interest rates -25 bps	-1.0	9.1	-2.7	9.0
Equity values +10%	0.3	18.5	0.4	10.6
Equity values -10%	-0.6	-18.0	-1.0	-10.6
Property values +10%	-	0.3	-	4.1
Property values -10%	-	-0.3	-	-4.1
Expense risk +10%	-23.2	-5.4	-23.8	-5.1
Claims ratio +5%	-29.8	-29.8	-29.3	-29.3

Sensitivity analysis of Bank and other

In millions of euros	Impact on result at year-end	Impact on shareholders' funds at year-end	Impact on result at prior year-end	Impact on shareholders' funds at prior year-end
Credit spreads +50 bps	-	-1.7	-	-3.2
Credit spreads -50 bps	-	1.7	-	3.2
Interest rates+25 bps	-25.6	-27.0	-27.5	-28.9
Interest rates -25 bps	26.2	27.6	28.1	29.5
Equity values +10%	-	8.1	-	7.4
Equity values -10%	-	-8.1	-	-7.4
Funding spreads +50 bps	-26.8	-26.8	-18.1	-18.1
Funding spreads -50 bps	26.8	26.8	18.0	18.0

Credit spread risk
Credit risk increased in 2015 mainly due to increased exposure to credit risk. This is mainly caused by higher exposure to sovereign bonds with a rating below AAA at the cost of AAA sovereign bond exposure. Credit spread sensitivities do not contain spread sensitivity to mortgages and mortgage funding. The sensitivity in the funding spread of mortgages is reported separately.

Interest rate risk
Under IFRS, insurance liabilities are measured using the Collateralised AAA curve. Delta Lloyd introduced the UFR methodology in the Collateralised AAA curve in 2013. The sensitivities are calculated using a fixed UFR. In addition, due to the current low interest rates, interest rate sensitivity is based on a 0.25% increase or decrease in interest rates.

At group level the sensitivity to both investments and liabilities slightly decreased due to the increased interest rates in 2015. Given that the decrease in investments and liabilities are comparable the total sensitivity impact remained stable compared to year-end 2014.

Equity risk
Since equity derivatives are valued at fair value with movement through profit and loss while other equity classes are not, there is a difference in the impact of equity risk on the results and on the solvability. Equity sensitivity to a fall in equity markets increased compared to year-end 2014, due to a slight increase in exposure in 2015 to conventional equity, the reclassification of real estate funds and preference shares to equity and a reduction in equity option exposure. The significant reduction in private equity does not impact sensitivities as those investments are not included in sensitivity analysis under IFRS. In determining the equity sensitivities, Delta Lloyd takes into account the relation between its equity risk profile and general market equity risk. If market equity values drop by 10% a less severe loss is expected in Delta Lloyd’s equity portfolio. This beta factor used to determine the equity sensitivities is based on an internal investigation of the equity portfolio and equals 84% at year-end 2015 compared to 81% at year-end 2014.

Property risk
Sensitivity to a fall in property markets decreased in 2015. In the second half of 2015 a large portion of the commercial real estate portfolio of Delta Lloyd was sold. This sale results in lower property exposure and therefore to a reduction of the property sensitivities.

Funding spread risk
Sensitivity to mortgages and mortgage funding is reported separately under the funding spread sensitivity. The bottom-up spread for determining the fair value of the mortgage portfolio depends on spreads obtained from the residential mortgage-backed securities (RMBS) market. The bottom-up spread is compared with a top-down benchmark and is adjusted when the bottom-up spread is outside the benchmark. In determining the mortgage sensitivities the assumption is made that both the bottom-up spread as the top-down benchmark change with 50 bps. Delta Lloyd excludes mortgages with a national mortgage guarantee (NHG) when determining the funding spread sensitivity. The treatment of NHG mortgages is in line with the methodology under Basel. In addition, Delta Lloyd uses mortgages as matching assets for long-term insurance liabilities. In this respect Delta Lloyd primarily faces default risk on its mortgage portfolio. The exclusion of mortgages with a NHG guarantee reduced the +50 bps sensitivity on result and shareholders’ funds by € 26.7 million and reduced the -50 bps sensitivity by € 26.7 million per year-end 2015.

Insurance risks
In addition to the impact of the main market risks on shareholders' funds, the sensitivity to a number of insurance risks is also presented. All reported insurance risks (longevity risk, mortality risk, expense risk and claims ratio risk) remained fairly stable compared to year-end 2014, small changes are seen due to development in the insurance portfolio.

Additional sensitivities on the Collateralised AAA curve
Under IFRS, insurance liabilities are measured using the Collateralised AAA curve. This interest rate curve is assumed to converge to a fixed ultimate forward rate (UFR) after the last liquid point (LLP). At year-end 2015, the UFR and the LLP used to determine the Collateralised AAA curve were equal to 4.2% and 20 years respectively. To provide more insight in the sensitivity of the insurance liabilities to the underlying assumptions additional interest rate sensitivities are determined based on a UFR of 3.2%, a LLP of 15 years and a combination of both. These additional sensitivities are determined for the first time at year-end 2015, hence comparison with year-end 2014 is not applicable. In addition the sensitivities have only been determined for the life insurance business since the effects are not material for general insurance and other business. A change of the LLP results in an earlier convergence to the UFR. This increases the interest rate curve for long durations, resulting in a positive effect on shareholders' funds. Lowering the UFR to 3.2% decreases the interest rate curve, resulting in a decrease of shareholders' funds. When a combination of both UFR and LLP change is applied both effects cancel out, resulting in a limited total impact.

Limitations of sensitivity analysis

The sensitivity tables demonstrate the effect of a change in one of the key assumptions while other assumptions remain unchanged. In reality, such an occurrence is very unlikely due to correlation between the factors. Furthermore, these sensitivities are non-linear, and larger or smaller impacts cannot easily be derived from the results. The sensitivity analysis does not take into consideration that Delta Lloyd's assets and liabilities are actively managed and may vary at the time that any actual market movement occurs. The financial risk management strategy aims to actively manage the exposure to market fluctuations. Techniques used include selling investments, changing investment portfolio allocation and using derivative financial instruments. Another limitation in the sensitivity analysis is that the hypothetical market movements represent Delta Lloyd's view on reasonably possible near-term market changes, which cannot be predicted with any certainty. A final limitation is the assumption that all interest rates move in an identical direction (with exception of convergence to the UFR) while this may not be the case in practice.

Strategic Risk

Scenario thinking

When Delta Lloyd devises its strategy it takes into account scenarios outlining possible directions for the business in the future. The scenarios analyse social, economic and market trends that are not under Delta Lloyd's direct influence and how these could shape the business environment in 15 to 20 years' time. Based on this, Delta Lloyd can make strategic decisions that allow it to act upon opportunities and mitigate uncertainties and risks.

Delta Lloyd has used scenarios since 2004 to guide its strategy. Scenario thinking is embedded in its management and control processes. It determines the choices made and the areas Delta Lloyd focuses on when it plans its business activities. Delta Lloyd's updated 'Closer to the customer' strategy builds on its mission statement and consists of key success factors supported by enablers for success. The strategy is being translated into tactical and operational plans for 2016 through 2018. Delta Lloyd recently announced a broad plan of management actions and capital measures, along with Strategy 2020: Closer to the customer, designed to ensure Delta Lloyd is strongly positioned in the new Solvency II era, which has been, effective since 1 January 2016. Delta Lloyd's plans are also intended to manage capital adequacy and the sensitivity of results to market movements and to improve its operating and financial performance

Own risk and solvency assessments (ORSA)

Delta Lloyd uses scenarios to assess whether inherent risks, effectiveness of controls and an assessment of the probability and consequences of residual risks are covered. The risk management cycle includes quarterly risk updates, which are done by the management of each of Delta Lloyd's business units and annually ORSA are conducted, which are also a requirement for Solvency II. The update is a bottom-up process, which reflects risks at team, business unit and group level. Based on the identified risks, a Top 10 risk map is drawn up and actions are defined to mitigate these risks. ORSA is a more forward-looking risk management exercise to oversee and manage the effects of risk scenarios over a longer period and is incorporated in Delta Lloyd's planning process.

Corporate competences

To achieve itsstrategic goals, Delta Lloyd must have the right competences in the organisation. Delta Lloyd excels in areas such as multi-channel distribution, risk management, efficiency, and anticipating regulatory and market changes that could influence its business, such as the growing demand for defined-contribution products.

Areas where Delta Lloyd needs to develop or improve competences include customer focus, further simplifying Delta Lloyd's relatively complex IT systems and risk-based pricing—analysing specific risks and pricing products accordingly, rather than applying a generic price. Many of these competences are IT-related—digitalisation, effectively mining big data and migrating more products and services online.

To strengthen Delta Lloyd's market position and optimise business mix, customer centricity, improving efficiency, risk/return and capital management will be prioritised.

Legal and regulatory risk

By correctly interpreting and translating relevant legislation and regulations, industry codes and codes of conduct into policy, Delta Lloyd can avoid inappropriate behaviour and manage inherent reputation risk and financial risks. A compliance policy has been set up and contains four themes:

- Awareness;
- Governance;
- Signalling legislation and regulations; and
- Implementing legislation and regulations.

The Compliance function is responsible for Delta Lloyd's adherence to laws and regulation and focuses on the requirements of the supervisory authorities. Group departments such as Group Finance, Control & Tax, Group Actuarial and Risk Management, Group HRM and Business Development and Group Legal deal with specific legislation and regulations, e.g. with respect to financial reporting, capital management and HRM-related subjects.

Regulators Desk

Regulation of the financial markets has increased significantly in recent years, partly influenced by the involvement of European regulators. Simultaneously the supervising authorities have strengthened their supervision of financial institutions. The Regulators Desk co-ordinates internal and external contacts with the regulatory authorities and distributes regulators' supplementary guidelines to the different business units. The Regulators Desk is coordinated by Group Compliance.

Customer centricity

Customer centricity is a key element of Delta Lloyd's strategy. A specific programme was set up in 2012 to ensure that focus on the customer's interest is a key priority. The Compliance function actively contributes to the various pillars of this programme and encourages the implementation of any new legislation, regulations and industry codes in this area.

Operational Risk

Delta Lloyd recognises the risk of simultaneously implementing several major change processes, such as sharing services through chain integration and profit improvement programmes, since each of these initiatives requires careful monitoring and control. The Business Development department is responsible for central coordination of the inception, management and implementation of change processes.

Delta Lloyd records and analyses operational losses in the business units and keeps a central register of losses exceeding € 10,000. Scenarios based in part on possible operational losses are computed for impact and probability. This supports current and future risk analysis and controls, which are in place or will be implemented. Delta Lloyd is a member of ORIC International, an independent 'loss data' consortium set up by the Association of British Insurance Companies to provide and benchmark operational loss data for internal Solvency II modelling and operational risk management.

Delta Lloyd's Operational Risk Committee consists of risk management specialists from the divisions and discusses and advises on operational risks. These include the consequences of IT risks on operations, outsourcing, fraud and crime, business protection and human resources.

IT and infrastructure

Delta Lloyd ensures that its IT systems are appropriately structured and utilised to achieve its strategic and operational goals, look after its customers' interests and meet statutory and regulatory requirements. To maintain this situation, Delta Lloyd has an effective IT risk management and control system in place. The IT risk manager supervises compliance with and the further development of the risk management system in a changing environment and under changing market conditions. The ICT Board is the risk committee on IT matters. It comprises managing directors, two members of the Executive Board and Delta Lloyd's chief information officer. The ICT Board regularly discusses issues reported internally and externally.

Sourcing, outsourcing and supplier management

Delta Lloyd has effective control over sourcing, outsourcing and supplier & contract management. Specific compliance clauses, for example security, business continuity, right to audit and supervisory access or annual independent assurance, are added to high risk contracts. In 2015, cloud applications were examined to the standard DNB risk model and measures were taken as necessary. Delta Lloyd currently performs a risk assessment before a new cloud computing application is allowed into operation. As Delta Lloyd is exposed to supplier risk, controls are in place to review risk and performance of suppliers. This is primarily aimed at detecting and preventing vendor lock-in in business processes, but also as performance review of supplied goods of services relating to cost and quality.

Business continuity management

Delta Lloyd aims to deliver secure and reliable services. To ensure adequate response to unusual events, Delta Lloyd regularly tests its incident and crisis management procedures. Contingency and continuity plans have been prepared for all critical business operations and applications.

In 2015, the Business Continuity programme invested further in risk management, crisis management training and exercising, as well as IT continuity testing. Continuity measures continue to be aligned with customer expectations.

Information security

Information security ensures the delivery of secure and reliable services to Delta Lloyd’s customers. In 2015, Delta Lloyd continued its information security programme and assessed and improved the information security maturity level as well as cyber security capabilities. Delta Lloyd made important steps towards a robust cyber security defence and identified opportunities to further strengthen the security of online presence and information security risk management capabilities.

Human resources

Recruiting, developing and retaining qualified staff is vital to Delta Lloyd’s business. Trainee programmes have been developed to attract young talent, and Delta Lloyd is strengthening the leadership abilities of its management through a customised leadership programme. Employees’ professional and personal development is appraised annually by management and facilitated by using performance-based management, including development programmes and professional courses. This enhances the retention of qualified staff and preserves vital knowledge and expertise for Delta Lloyd.

The Human Resources Board (HR Board) is the risk committee on human resource matters. It comprises of managing directors, two members of the Executive Board (one of which is the chairman) and the HR Director. The HR Board regularly discuses human resources policies and risk issues are regularly discussed by the HR Board.

Fraud and crime

Fraud and other criminal activities result in operational losses. Group Integrity has defined fraud prevention measures. In addition, controls to minimise fraud risks were implemented in the context of Solvency II. Delta Lloyd has taken out ‘crime insurance’ for major claims (over € 5 million) resulting from fraud.

Group Integrity prevents fraud by raising employees' awareness of fraud, by giving advice and performing fraud risks analyses (e.g. by using analytical fraud detection software), so that attempts at fraud are identified as quickly as possible and an honest portfolio is achieved. If losses are caused by fraud or other criminal activities, Group Integrity investigates them and aims to recover the loss and the cost of the investigation from the perpetrator.

Financial reporting risks

Delta Lloyd manages its financial reporting risks through an internal control framework and external audit. Financial reporting within Delta Lloyd is the outcome of a structured process carried out by various divisions, directed and supervised by Delta Lloyd's financial management. The Executive Board is responsible for designing, maintaining and monitoring the controls for financial reporting.

4.1.7.2 Capital management

The capital structure of Delta Lloyd is managed on the basis of the economic risks and the statement of financial position as well as on the regulatory requirements for insurers (Solvency I and from 2016 Solvency II (see section 2.2 'Capital')) and banks (Basel III). Minimum capital requirements are set for each individual entity based on different economic and operating scenarios. Total capital employed is allocated in a way that meets the required minimum and maximises the expected returns while the operational result on issued capital is higher than the cost of capital.

In managing its capital, Delta Lloyd seeks to:

- Match the profile of its assets and liabilities, taking account of the risks inherent in each division, in such a way that the vast majority of capital is held in fixed-income securities;
- Maintain financial strength to support new business and satisfy the requirements of policyholders, management, regulators and rating agencies at all times;
- Retain financial flexibility by maintaining strong liquidity, including substantial unutilised credit lines, and access to a range of capital markets; and
- Allocate capital efficiently to support growth.

An important aspect of Delta Lloyd's capital management process is setting after-tax profitability targets for the individual divisions. These targets are aligned to performance objectives and ensure Delta Lloyd remains fully focused on creating value for its shareholders. Delta Lloyd has access to a number of sources of capital and seeks to optimise its debt-to-equity ratio to ensure that it can consistently maximise returns to shareholders.

Total capital employed

Total capital employed is defined as share capital and reserves, adjusted for subordinated loans received, goodwill, the prudential margin and other capital items. The prudential margin is defined as the sum of the LAT margin for life insurance and the prudential margin for general insurance. The other capital items includes the subtraction of IFRS equity from banking activities, the difference between local accounting and IFRS accounting in Belgium and Germany, conditional profit sharing at Delta Lloyd Deutschland, intangible assets, mortgage revaluation and asset management fees. Delta Lloyd Deutschand effects, mortgage revaluation and asset management fees are excluded from the available capital in 2015 due to sale of Delta Lloyd Deutschland and recalibration in assumptions. For 2015, capital employed is determined using carrying amounts based on regulatory policies instead of IFRS accounting policies; comparative figures have been adjusted. The composition is as follows:

Total capital employed at year-end

In millions of euros	2015	2014
Total capital and reserves attributable to parent	2,568.9	2,468.4
Perpetual subordinated debts	879.9	878.8
Other subordinated debts	156.2	229.8
Goodwill	-269.2	-290.4
Prudential margin	753.1	600.9
Other capital items	-426.5	166.0
Total capital employed	**3,662.3**	**4,053.4**

Subordinated debts with a maturity date can be accounted for as capital employed under IGD up to a limit of 25% of the lower of either the total of the actual solvency margin or of the required solvency margin of Delta Lloyd. The perpetual subordinated debts can be accounted for as capital employed under IGD up to a limit of 50% of either the lower of the total of the actual solvency margin or of the required solvency margin at Delta Lloyd. For more detailed information on subordinated debts see section 4.1.7.32 'Borrowings'.

Total capital employed decreased by € 391.1 million compared to 2014 mainly as a result of the sale of Delta Lloyd Deutschland and the local GAAP effect at Delta Lloyd Life Belgium, partially offset by the increased prudential margin.

Capital requirements

To provide strong assurance to shareholders and policyholders that Delta Lloyd can meet their demands, management has defined a minimum capital requirement. Delta Lloyd tests the total capital employed and the required capital level at regular intervals. During the year, Delta Lloyd complied with the regulatory requirements, both on a consolidated basis and at the level of regulated entities.

The table below shows the solvency ratio (Solvency I) under the regulatory requirements (Insurance Group Directive, IGD) for insurance and all non-banking activities. The capital relating to the banking activities is assessed based on the transitional Basel III system, CRD IV phase in.

Solvency ratio at year-end

	2015	2014
Regulatory (IGD) group solvency	177%	183%
Bank NL - Total capital ratio	15.5%	15.5%

Due to sound risk and capital management, Delta Lloyd still enjoys healthy solvency levels. In 2015 the IGD ratio negatively developed following recalibrations of assumptions, dividend payment and the adjustment in the risk margin, which at year-end 2015 is based on Standard Formula Solvency II risk capitals rather than partial internal model capitals. These effects are only partly offset by the equity offering in March 2015 and the capital generation on operational business.

Solvency II is the new regulatory framework for insurance companies operating in the European Union. It became effective on 1 January 2016. Solvency II is explained in section 4.1.7.1 'Risk Management'.

4.1.7.3 Segment information

Reports to the Executive Board of Delta Lloyd are based on both operations and divisions. Delta Lloyd bases its operating segments on the nature of the products and services provided, i.e. the nature of the operations. This choice was made as operations take a more prominent role in the decision-making and management process for allocating resources and measuring and evaluating financial performance. The following operating segments were identified: Life Insurance, General Insurance, Bank, Asset Management and Corporate and other activities. All transactions between the segments are at arm's length. Although the segment information for the Executive Board is based on the IFRS figures, as shown in the financial statements, there are some exceptions, which are explained below in ‘basis of accounting’.

Operating segments

Life

The Life business comprises life insurance, savings, pensions and annuity business written by the life insurance subsidiaries, including managed pension fund business and the share of the other life and related business written by associates. Premium and investment income are the main sources of revenues for this operating segment.

General

The general insurance business provides insurance coverage to individuals and businesses for risks associated with motor vehicles, property, disability and liability, such as employers’ liability and professional indemnity liability. Premium and investment income are the main sources of revenues for this operating segment.

Bank

Delta Lloyd Bank has retail banking and mortgage activities in the Netherlands and until July 2015 in Belgium. The main sources of revenue for this operating segment are interest income and fees.

Asset Management

The asset management business invests at Delta Lloyd’s own risk and at the risk of policyholders, provides investment management services to institutional pension fund mandates and manages a range of retail investment products, including investment funds.

Corporate and Other Activities

Any business activities that are not reportable segments are reflected in this category. It includes Delta Lloyd’s mortgage business, which is unrelated to the Life and Bank segments. The mortgages shown in the Life segment are part of the investment portfolios of life insurance companies. Health label activities are also included in the Corporate and Other Activities segment. Overheads, such as the financing of Delta Lloyd, expenses incurred by corporate staff departments and other activities not related to the core segments, as well as results on the run-off of the health insurance business, are also classified as ‘Corporate and Other Activities’. Compared to the prior year financial statements, Delta Lloyd Treasury is reclassified from segment Asset Management to segment Corporate and Other Activities because the business activities of Treasury are more in line with the activities of other entities in this segment. The Eliminations column relates to intercompany eliminations between operating segments and eliminations for group purposes.

Basis of accounting

Segment performance is evaluated using a profit or loss measure, which is measured differently in certain respects from the profit or loss in the consolidated financial statements. The Executive Board assesses the performance of the operational segments using operational result after tax and non-controlling interests.

Operational result after tax and non-controlling interests as presented by Delta Lloyd is a non-GAAP financial measure and is not a measure of financial performance under IFRS and should be considered in conjunction with Delta Lloyd's IFRS results. Operational result after tax and non-controlling interest should not be considered in isolation as an alternative to the IFRS result before tax from continuing operations or to other data presented in Delta Lloyd's financial statements as indicators of financial performance. Since operational result as presented by Delta Lloyd is not determined in accordance with IFRS, it may not be comparable to other similarly titled measures of performance of other companies.

Delta Lloyd's net IFRS income is inherently volatile, principally as a result of the application of mark-to-market accounting since 2006. Given this volatility, Delta Lloyd does not view net IFRS result as the most effective measure by which it can judge the operational performance of the Group.

Change in segment information reporting

Operational result after tax and non-controlling interests was developed as a measure to capture Delta Lloyd's 'underlying' profitability. Until 2014, operational result after tax and non-controlling interests included actual and presumed long-term investment returns, in addition to the operational technical result (the IFRS underwriting result, excluding non-operational items, which reflect one-off circumstances or are otherwise, in the judgement of management, not attributable to the ongoing business operations of Delta Lloyd). Long-term investment returns (LTIR) for purposes of operational result after tax and non-controlling interest was determined by utilising the last known interest rate (based on the 10-year point on the Collateralised AAA curve). The 'assumed interest rate' by means of this long-term investment return is not in line with the short-term investment returns in the IFRS profits and losses of Delta Lloyd. Therefore Delta Lloyd decided to reassess its definitions of operational result after tax and non-controlling interest in 2014. After reassessing the operational result formula (and specifically the presumed long-term investment return), Delta Lloyd replaced the long-term investment return with an investment spread (defined as the direct yield minus the cost of liabilities). The long-term investment return understated the actual 'locked-in' direct yield of stable long duration own risk assets. Direct yield is derived from the IFRS result, comprised of dividend income, real estate income, and interest income on fixed income and mortgages. Cost of liabilities includes the required interest on own risk life and general insurance liabilities and finance costs. The required interest on own risk life insurance liabilities is measured per period and can be calculated by multiplying the opening balance of the life insurance liabilities of each period. The 13-year point is used as a proxy for the average duration of the life insurance liabilities.

The comparative 2014 figures for the operational result are therefore adjusted. This is reflected in the next table:

Redefinition of operational result 2014

In millions of euros	Life	General	Bank	Asset Manage-ment	Corporate and other activities	Elimi-nations	Total
Previously reported operational result after tax and non-controlling interests	**250.7**	**76.9**	**26.7**	**25.9**	**-3.4**	**-**	**376.8**
Income tax	88.5	30.3	8.9	8.6	-1.1	-	135.3
Non-controlling interests	14.9	14.1	-	-	0.1	-	29.0
Operational result before tax and non-controlling interests	**354.0**	**121.3**	**35.6**	**34.6**	**-4.5**	**-**	**541.1**
Operational technical result of Delta Lloyd Deutschland (HFS classification)	-4.9	-	-	-	-1.5	-	-6.5
Operational technical result of Delta Lloyd Bank Belgium (HFS classification)	-	-	-15.4	-	-	-	-15.4
Long-term investment return	-256.9	-30.7	-4.1	-0.4	6.1	-	-286.0
Prospective elements	-42.5	-	-	-	-	-	-42.5
Segmental transfer Delta Lloyd Treasury	-	-	-	-7.5	7.5	-	-
Inclusion of investment spread	452.7	43.2	-	-	-68.2	-	427.7
Income tax	-125.6	-33.5	-4.0	-6.7	15.2	-	-154.6
Non-controlling interests	-14.8	-15.3	-	-	-0.1	-	-30.2
New operational result after tax and non controlling interest	**362.0**	**85.0**	**12.1**	**20.0**	**-45.5**	**-**	**433.5**

Segment income and expense presentation

In line with the sale of the banking activities in Belgium and the insurance activities in Germany, these entities have been excluded from the operational result definition. The comparative 2014 figures of the segments Life and Bank are adjusted accordingly.

Segment information provided to the Executive Board

The segment information on 31 December 2015 is reported as follows to the Executive Board:

Income and result for the financial year

In millions of euros	Life	General	Bank	Asset Manage-ment	Corporate and other activities	Elimi-nations	Total
Income							
Gross written premiums	2,683.7	1,354.7	-	-	-	-	4,038.3
Net premiums earned	2,624.0	1,252.3	-	-	-	-	3,876.3
Fee and commission income	97.2	54.3	26.8	143.6	52.8	-101.7	272.8
Net investment income							
Interest income	1,291.5	46.5	160.3	-	109.8	-78.7	1,529.4
Net rental income	74.1	-	-	-	-	-7.5	66.6
Dividends	242.4	7.4	-	-	-	-	249.9
Movements in the fair value of investments classified as held for trading	-5.1	-	-	-	-	-	-5.1
Movements in the fair value of investments classified as other than trading	229.1	-10.2	4.3	-	-6.6	-	216.5
Realised gains and losses on investments classified as available for sale	251.0	30.2	-0.2	-	-17.9	-	263.1
Impairment of investments classified as available for sale	-21.1	-2.3	-	-	-0.1	-	-23.5
Reversal of impairment of investments classified as available for sale	-	-	-	-	-	-	0.0
Result from loans and receivables	6.8	-	0.7	-	-	-	7.5
Impairment of loans and receivables	-17.6	-	-5.6	-	0.6	-	-22.6
Reversal of impairment of loans and receivables	21.3	-	2.9	-	0.2	-	24.5
Result from derivatives	-665.2	-18.1	-1.5	-	35.9	-	-648.9
Other investment income	-4.3	-	-	-	23.4	-8.5	10.6
Share of profit or loss after tax of associates	75.3	0.3	-	0.1	6.9	-	82.6
Total investment income	1,478.3	53.9	160.9	0.1	152.2	-94.6	1,750.8
Other income	9.1	-0.2	-	-	54.0	0.1	63.0
Total income	4,208.6	1,360.4	187.6	143.6	259.0	-196.2	5,963.0
Total intercompany income	74.1	0.2	34.7	21.3	66.0	-196.2	-
Revenue from external customers	**4,134.5**	**1,360.2**	**152.9**	**122.3**	**193.0**	**-**	**5,963.0**
Result after tax and non-controlling interests	189.9	52.7	37.7	34.6	-186.8	-	128.1
Operational result after tax and non-controlling interests	591.8	68.6	41.6	42.6	-66.6	-	678.0

Expenses for the financial year

In millions of euros	Life	General	Bank	Asset Manage-ment	Corporate and Other Activities	Elimi-nations	Total
Net claims and benefits paid*	2,994.1	883.9	-	-	-	-	3,878.0
Total change in insurance liabilities, net of reinsurance	-157.0	-56.9	-	-	-	-	-213.8
Charge to financial liability on behalf of third party interest in investment funds	487.3	-	-	-	-	-	487.3
Expenses relating to the acquisition of insurance, investment and other contracts	311.7	334.6	4.3	43.9	23.5	-101.6	616.4
Total finance costs	183.1	12.5	78.4	0.1	149.7	-87.2	336.6
Staff costs and other employee-related expenditures	129.4	111.6	21.9	26.3	221.8	-	511.0
Amortisation of intangible fixed assets	8.9	1.3	0.1	2.5	1.9	-	14.7
Depreciation of property and equipment	2.6	-	-	-	4.8	-	7.4
Operating expenses	169.4	114.3	32.5	24.3	52.8	-7.4	386.0
Impairment of goodwill	-	-	-	-	21.2	-	21.2
Impairment of AVIF	-	-	-	-	-	-	-
Impairment of other intangible fixed assets	0.1	-	-	-	-	-	0.1
Impairment of property and equipment	0.4	-	-	-	-	-	0.4
Impairment of inventory of real estate projects	-	-	-	-	-	-	-
Impairment of receivables	1.3	6.7	-	-	-	-	7.9
Reversal of impairment of receivables	-1.2	-5.2	-	-	-	-	-6.5
Allocated to expenses relating to the acquisition of insurance, investment and other contracts	-102.3	-125.9	-	-	-	-	-228.2
Total other operating expenses	208.5	102.8	54.6	53.0	302.5	-7.4	714.0
Total expenses	**4,027.7**	**1,277.0**	**137.3**	**97.0**	**475.7**	**-196.2**	**5,818.5**
Income tax	-10.1	19.4	12.6	11.9	-30.0	-	3.8

*Net claims and benefits paid includes profit sharing and discounts.

Segment statement of financial position at year-end

In millions of euros	Life	General	Bank	Asset Manage-ment	Corporate and Other Activities	Elimi-nations	Total
Intangible assets	63.3	25.1	-	10.0	261.7	-	360.1
Associates and joint ventures	194.8	5.4	-	0.3	78.4	-	278.9
Financial investments	58,816.7	2,357.8	4,854.3	22.4	2,646.0	-2,622.0	66,075.2
Reinsurance assets	392.2	169.9	-	-	-	-	562.1
Assets held for sale	-	-	-	-	29.2	-	29.2
Other assets	4,197.8	505.0	785.0	47.8	4,473.5	-3,846.4	6,162.7
Total assets	**63,664.9**	**3,063.1**	**5,639.3**	**80.4**	**7,488.9**	**-6,468.4**	**73,468.2**
Total shareholders' funds	2,706.6	529.8	192.3	59.5	-665.6	-	2,822.6
Insurance liabilities	43,749.6	2,040.3	-	-	-	-	45,789.9
Investment liabilities	6,304.5	-	-	-	-	-	6,304.5
Borrowings	965.5	130.0	1,308.4	-	3,052.1	-1,139.9	4,316.2
Other liabilities	9,938.6	363.1	4,138.5	20.9	5,102.4	-5,328.5	14,235.0
Total liabilities	60,958.3	2,533.3	5,447.0	20.9	8,154.5	-6,468.4	70,645.5
Total shareholders' funds and liabilities	**63,664.9**	**3,063.1**	**5,639.3**	**80.4**	**7,488.9**	**-6,468.4**	**73,468.2**
Property and equipment	1.7	-	-	-	7.1	-	8.8
Intangible assets	0.8	-	-	-	1.1	-	1.9
Total capital expenditure	2.5	-	-	-	8.2	-	10.7

Income and result for the prior financial year

In millions of euros	Life***	General	Bank ***	Asset Manage-ment*	Corporate and other activities*	Elimi-nations	Total
Income							
Gross written premiums	2,626.6	1,336.7	-	-	-	-	3,963.3
Net premiums earned	2,563.2	1,124.1	-	-	-	-	3,687.3
Fee and commission income	88.1	61.4	27.3	118.8	53.3	-103.4	245.6
Net investment income							
Interest income	1,285.3	60.5	128.1	-	157.4	-67.5	1,563.8
Net rental income	83.1	-	-	-	-	-6.0	77.1
Dividends	238.6	5.8	-	-	0.9	-	245.3
Movements in the fair value of investments classified as held for trading	-1.2	-	0.1	-	-	-	-1.1
Movements in the fair value of investments classified as other than trading	6,131.9	46.5	37.4	-	15.8	-	6,231.6
Realised gains and losses on investments classified as available for sale	138.8	91.9	7.4	-	16.6	-	254.7
Impairment of investments classified as available for sale	-27.8	-1.1	-	-	-0.1	-	-29.0
Reversal of impairment of investments classified as available for sale	-	0.3	7.0	-	-	-	7.3
Result from loans and receivables	1.8	0.1	0.3	-	-	-	2.2
Impairment of loans and receivables	-14.7	-	-4.8	-	-6.2	-	-25.8
Reversal of impairment of loans and receivables	0.3	-	2.7	-	0.0	-	3.0
Result from derivatives	1,490.6	-45.1	-9.4	-	-24.5	-	1,411.5
Other investment income	20.9	-	-	-	-73.4	-8.3	-60.9
Share of profit or loss after tax of associates	73.4	-	-	0.1	-	-	73.4
Total investment income	9,421.0	159.0	168.6	0.1	86.6	-81.9	9,753.3
Other income	3.1	-3.7	-	-	7.0	0.1	6.7
Total income	12,075.5	1,340.8	195.9	118.9	146.9	-185.1	13,692.8
Total intercompany income	117.0	0.4	38.8	18.2	10.6	-185.1	-
Revenue from external customers	**11,958.4**	**1,340.4**	**157.1**	**100.7**	**136.2**	**-**	**13,692.8**
Result after tax and non-controlling interests	482.0	56.2	34.0	17.0	-228.1	-	361.1
New operational result after tax and non-controlling interests**	362.0	85.0	12.1	20.0	-45.5	-	433.5

*Delta Lloyd Treasury is reclassified from segment Asset Management to segment Corporate and other activities.

**Restated for change in definition of operational result, see table 'redefinition of operational result'.

***Restated for change in presentation of held for sale activities.

Expenses for the prior financial year

In millions of euros	Life***	General	Bank***	Asset Manage-ment*	Corporate and other activities*	Elimi-nations	Total
Net claims and benefits paid**	3,049.7	895.4	-	-	-	-	3,945.1
Total change in insurance liabilities, net of reinsurance	7,128.2	-153.7	-	-	-	-	6,974.5
Charge to financial liability on behalf of third party interest in investment funds	660.6	-	-	-	-	-	660.6
Expenses relating to the acquisition of insurance, investment and other contracts	292.3	341.5	4.4	49.1	23.9	-103.3	608.0
Total finance costs	184.9	55.1	80.5	-	187.5	-75.9	432.1
Staff costs and other employee-related expenditures	129.2	108.2	21.8	26.2	174.7	-	460.1
Amortisation of intangible fixed assets	7.4	1.3	0.1	2.5	2.6	-	13.9
Depreciation of property and equipment	3.1	-	-	-	5.9	-	9.0
Operating expenses	141.4	130.6	41.2	18.1	19.4	-5.9	344.8
Impairment of goodwill	-	-	-	-	-	-	-
Impairment of AVIF	-	-	-	-	-	-	-
Impairment of other intangible fixed assets	-	-	-	-	-	-	-0.0
Impairment of property and equipment	2.5	-	-	-	-	-	2.5
Impairment of inventory of real estate projects	-	-	-	-	-	-	-
Impairment of receivables	1.2	5.8	-	-	-	-	7.0
Reversal of impairment of receivables	-1.2	-5.0	-	-	-	-	-6.2
Allocated to expenses relating to the acquisition of insurance, investment and other contracts	-93.9	-131.2	-	-	-	-	-225.1
Total other operating expenses	189.7	109.8	63.2	46.8	202.6	-5.9	606.1
Total expenses	**11,505.4**	**1,248.0**	**148.1**	**95.9**	**414.0**	**-185.1**	**13,226.4**
Income tax	82.6	23.1	13.8	5.9	-39.4	-	86.1

*Delta Lloyd Treasury is reclassified from segment Asset Management to segment Corporate and other activities.

**Net claims and benefits paid include profit sharing and discounts.

***Restated for change in presentation of held for sale activities.

Segment statement of financial position at prior year-end

In millions of euros	Life **	General	Bank **	Asset Manage-ment*	Corporate and other activities*	Elimi-nations	Total
Intangible assets	71.8	26.4	0.1	12.5	283.8	-	394.6
Associates and joint ventures	239.1	5.2	-	0.2	93.7	-	338.3
Financial investments	59,101.5	2,462.9	4,956.1	24.2	3,837.2	-2,972.6	67,409.3
Reinsurance assets	423.5	226.0	-	-	-	-	649.5
Assets held for sale	5,265.5	-	6,925.5	-	-40.0	-	12,151.0
Other assets***	4,491.0	475.5	552.2	17.4	5,388.7	-3,943.6	6,981.2
Total assets	**69,592.4**	**3,196.0**	**12,434.0**	**54.3**	**9,563.3**	**-6,916.2**	**87,923.8**
Total shareholders' funds	3,023.4	533.6	508.2	41.7	-1,360.7	-	2,746.2
Insurance liabilities	43,492.0	2,170.4	-	-	-	-	45,662.4
Investment liabilities	6,154.3	-	-	-	-	-	6,154.3
Borrowings	884.0	130.0	1,463.5	-	3,998.9	-1,153.4	5,322.9
Liabilities relating to assets held for sale	5,011.2	-	6,572.5	-	33.1	-	11,616.8
Other liabilities***	11,027.5	362.0	3,889.7	12.7	6,892.0	-5,762.8	16,421.2
Total liabilities	66,568.9	2,662.4	11,925.7	12.7	10,924.1	-6,916.2	85,177.6
Total shareholders' funds and liabilities	**69,592.4**	**3,196.0**	**12,434.0**	**54.3**	**9,563.3**	**-6,916.2**	**87,923.8**
Property and equipment	0.7	-	-	-	10.2	-	10.9
Intangible assets	16.5	-	-	-	2.5	-	19.0
Capital injection subsidiaries	-350.0	-37.1	-	-	387.1	-	-
Purchase of subsidiaries	19.5	-	-	-	-	-	19.5
Total capital expenditure	-313.4	-37.1	-	-	399.9	-	49.4

*Delta Lloyd Treasury is reclassified from segment Asset Management to segment Corporate and other activities.

**Restated for change in presentation of held for sale activities.

***2014 Restated, see section 4.1.6.2 'Financial impact of changes in accounting policies and reclassifications'.

Delta Lloyd Bank Belgium and Delta Lloyd Deutschland are presented as assets held for sale and liabilities relating to assets held for sale in the table above.

Reconciliation to primary financial statements

A reconciliation of operational result after tax and non-controlling interests to result before tax from continuing operations is as follows:

Reconciliation of the result

In millions of euros	2015	2014*
Operational result after tax and non-controlling interests	678.0	433.5
Income tax	235.1	154.6
Non-controlling interests	27.2	30.2
Operational result before tax and non-controlling interests	940.3	618.4
Movement assets	-1,022.1	6,439.1
Movement liabilities	380.6	-6,457.3
Change in provision onerous contracts for subsidiaries sold	-162.1	-134.0
Penalty fee redemption loan Rabobank	-	-32.2
Other	13.7	34.1
Result before tax from continuing operations	**150.4**	**468.2**

*Restated for change in definition operational result.

Higher interest rates and higher corporate credit spreads led to a negative revaluation of assets in 2015.

Furthermore, the Collateralised AAA curve was volatile. After continuing to decline in the first months, the Collateralised AAA curve showed an upward trend until June. In the second half of 2015, the Collateralised AAA curve remained relatively stable (range of 10yr point from 0.92% to 1.12%). Overall, the curve has increased since year-end 2014. This resulted in a release of the insurance provision year-to-date and is shown as a part of 'movement of liabilities' in the table above.

Under the IFRS framework, the Collateralised AAA curve is used to measure the majority of the insurance liabilities. The Collateralised AAA curve is defined as the higher of the DNB swap curve and the curve derived from collateralised AAA euro area bonds. The Collateralised AAA curve is constructed using the ultimate forward rate, with the one-year forward rates for durations of 20 years upwards converging to an ultimate forward rate (UFR) of 4.2% over a period of 40 years.

In the operational result the required interest for segment Life (included in the Cost of Liabilities) is calculated by means of a proxy, using the 13-year point on the Collateralised AAA curve. As a result, the ineffectiveness of the proxy (including the impact of the UFR) is currently not incorporated in the required interest for segment Life. This 'UFR effect' (€ 280.1 million loss) is subsequently not included in the operational result, but in the movement of liabilities.

The negative movement in net assets is primarily driven by adverse credit spread developments and the negative impact of economic hedging (i.e. to protect the SII Standard Formula ratio).

Provision for onerous contracts of € 162.1 million in 2015 relates to the respective sales of Delta Lloyd Deutschland and Delta Lloyd Bank Belgium. See section 4.1.7.30 'Provisions for other liabilities' for more details.

'Other' consists mainly of positive results of Amstelhuys, Delta Lloyd Bank Belgium and associates, partly offset by non-operational expenses.

Management cost base per segment for the financial year

In millions of euros	2015	2014*
Life Insurance	235.3	242.5
General Insurance	210.8	221.6
Bank	50.6	54.2
Asset Management	42.7	43.1
Corporate and other activities	79.2	43.7
Total	**618.6**	**605.2**

*Restated, presented figures exclude Delta Lloyd Bank Belgium and Delta Lloyd Deutschland.

Reconciliation IFRS operational costs to other operating expenses

In millions of euros	2015	2014*
Total other operating expenses**	788.8	716.0
Operating expenses Delta Lloyd Bank Belgium	-74.8	-109.9
Other operating expenses	714.0	606.1
Allocated to expenses relating to the acquisition of insurance and investment contracts	228.2	225.1
Movement in other provisions	-176.7	-139.3
Non-operational costs	-157.9	-95.9
Other	11.0	9.2
Management cost base	**618.6**	**605.2**

*Restated, presented figures exclude Delta Lloyd Bank Belgium and Delta Lloyd Deutschland.
**See section 4.1.2 'Consolidated Income Statement'.

The non-operational costs consist mainly of impairments of € 22.7 million (2014: € 11.6 million), several non-operational strategic and other projects for an amount of € 90.0 million (2014: € 77.0 million), and the fine imposed by the Dutch central bank of € 22.7 million (2014: nil).

The table below provides details of the other operating expenses.

Other operating expenses

In millions of euros	2015	2014*
Staff costs and other employee-related expenditures	511.0	460.1
Amortisation of intangible fixed assets	14.7	13.9
Depreciation on property and equipment	7.4	9.0
Operating expenses	386.0	344.8
Impairment of property held for sale	-	0.0
Impairment of goodwill	21.2	-
Impairment of other intangible fixed assets	0.0	-0.0
Impairment of property and equipment	0.4	2.5
Impairment of receivables	7.9	7.0
Reversal of impairment of receivables	-6.5	-6.2
Allocated to expenses relating to the acquisition of insurance, investment and other contracts	-228.2	-225.1
Total other operating expenses	**714.0**	**606.1**

*Restated, presented figures exclude Delta Lloyd Bank Belgium and Delta Lloyd Deutschland.

The operating expenses include a movement in the provision for onerous contracts of € 162.1 million (2014: € 134.0 million), which consists of Delta Lloyd Deutschland (€ 154.1 million, 2014: nil) and Delta Lloyd Bank Belgium (€ 8.0 million, 2014: € 134.0 million).

Allocated to expenses relating to the acquisition of insurance and investment contracts of € 228.2 million (2014: € 225.1 million) include acquisition costs of € 162.0 million (2014: € 153.8 million) and costs for handling claims of € 66.2 million (2014: € 71.3 million).

Entity-wide disclosures

Geographical areas

Delta Lloyd operates in two main geographical areas. These are the Netherlands and Belgium. Revenue by geographical area does not differ materially from the revenue by area of origin, as most risks are located in the countries where the contracts were written.

Gross written premiums in the financial year

In millions of euros	2015	2014
Netherlands	3,236.0	3,200.1
Belgium	802.3	763.2
Total	**4,038.3**	**3,963.3**

Fee and commission income in the financial year

In millions of euros	2015	2014
Netherlands	242.3	222.1
Belgium	30.5	23.5
Total	**272.8**	**245.6**

Interest income in the financial year

In millions of euros	2015	2014
Netherlands	1,311.6	1,357.8
Belgium	217.8	206.0
Total	**1,529.4**	**1,563.8**

Assets per geographical area at year-end

In millions of euros	Netherlands 2015	Netherlands 2014*	Belgium 2015	Belgium 2014*	Total 2015	Total 2014*
Intangible assets	359.7	393.8	0.4	0.8	360.1	394.6
Associates and joint ventures	278.9	338.3	-	-	278.9	338.3
Financial investments	56,321.8	57,678.7	9,753.4	9,730.5	66,075.2	67,409.3
Reinsurance assets	542.0	616.8	20.1	32.6	562.1	649.5
Assets held for sale	29.2	12,151.0	-	-	29.2	12,151.0
Other assets	4,761.0	5,649.8	1,401.7	1,331.5	6,162.7	6,981.2
Total assets	**62,292.6**	**76,828.4**	**11,175.6**	**11,095.4**	**73,468.2**	**87,923.8**

*Restated, Delta Lloyd Bank Belgium and Delta Lloyd Deutschland are presented as assets held for sale.

4.1.7.4 Subsidiaries

Information on the group companies on 31 December 2015 is included in section 4.2.1.4 ‘Participating interests’.

The restrictions on dividend distributions relate to minimum regulatory capital requirements.

Disposals during the financial year

The sale of Delta Lloyd Bank Belgium for an amount of € 206.0 million to Chinese insurance company Anbang, announced in December 2014, was approved by the European and Chinese regulators and finalised on 22 July 2015. As a result, assets and liabilities were disposed, the provision for onerous contracts for an amount of € 142.0 million was withdrawn and the revaluation reserve relating to this subsidiary was recognised through the consolidated income statement, leaving a net profit of € 39.8 million at transaction date, which was recognised in segment ‘Corporate and Other activities’.

The sale of Delta Lloyd Deutschland for an amount of € 21.7 million to Athene Holding, a Bermuda-based insurance holding company, that was announced in January 2015, was finalised on 1 October 2015, without objection from the German regulator. As a result, assets and liabilities were disposed, the provision for onerous contracts for an amount of € 154.1 million was withdrawn and the revaluation reserve relating to this subsidiary was recognised through the consolidated income statement, leaving a net profit of € 10.8 million at transaction date, which was recognised in segment ‘Corporate and Other activities’. The tax expense relating to the loss of discontinuance of Delta Lloyd Deutschland is nil (2014: nil). The tax expense relating to the result from ordinary activities of Delta Lloyd Deutschland amounts to € 10.3 million (2014: € - 6.0 million). Delta Lloyd Deutschland was recognised in segment Life and was a subsidiary of Delta Lloyd NV.

The net fair value of the identifiable assets and liabilities at the date of disposal was as follows:

Assets and liabilities disposed

In millions of euros	Delta Lloyd Deutschland	Delta Lloyd Bank Belgium	Total 2015
Intangible assets	0.0	-	0.0
Property and equipment	517.1	1.4	518.5
Net tax assets	-	22.1	22.1
Financial instruments	4,195.2	6,120.1	10,315.3
Receivables and other financial investments	185.8	297.1	483.0
Cash and cash equivalents	211.5	189.3	400.9
Total assets	5,109.7	6,630.0	11,739.7
Insurance liabilities	4,723.9	-	4,723.9
Pension obligation	59.6	3.0	62.5
Provision for other liabilities	9.0	6.6	15.6
Net tax liabilities	1.9	-	1.9
Financial liabilities	48.2	6,140.3	6,188.5
Other liabilities	91.5	132.2	223.6
Total liabilities	4,933.9	6,282.0	11,215.9
Shareholders' funds	**175.8**	**348.0**	**523.7**
Sales price	21.7	206.0	227.7
Withdrawal from other provisions	154.1	142.0	296.1
Revaluation reserve of subsidiaries sold	10.8	39.8	50.6
Recognised in the income statement at transaction date	**10.8**	**39.8**	**50.6**

Delta Lloyd Vastgoed Kantoren BV

In 2015, Delta Lloyd Vastgoed Kantoren BV was sold. See section 4.1.7.5 ‘Discontinued operations and assets and liabilities held for sale’ for further details.

BeFrank

In 2014, Delta Lloyd Levensverzekering bought the remaining 50% interest in BeFrank from BinckBank. After completing a full purchase price allocation within the 12-month timeframe no changes in the net asset value were made.

4.1.7.5 Discontinued operations and assets and liabilities held for sale

Classification as held for sale is made if the carrying amount will be recovered principally from 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;
- Delta Lloyd 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.

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. Delta Lloyd assesses whether the expected sale price is higher than the book value. Any impairment is restricted to the carrying amount of the non-current assets within the scope of IFRS 5 measurement requirements.

The composition of the assets and liabilities classified as held for sale and of discontinued operations at year-end was:

Assets and liabilities relating to assets held for sale

In millions of euros	2015	2014
Delta Lloyd Deutschland	-	5,225.5
Delta Lloyd Bank Belgium	-	6,925.5
Equity securities (private equity)	29.2	-
Total assets held for sale	**29.2**	**12,151.0**
Delta Lloyd Deutschland	-	5,044.3
Delta Lloyd Bank Belgium	-	6,572.5
Total liabilities relating to assets held for sale	**-**	**11,616.8**

The sale of Delta Lloyd Deutschland was finalised on 1 October 2015. On 22 July 2015 the sale of Delta Lloyd Bank Belgium was finalised. See section 4.1.7.4 'Subsidiaries' for the assets and liabilities disposed related to Delta Lloyd Deutschland and Delta Lloyd Bank Belgium.

In the third quarter of 2015, the sales process began for Delta Lloyd Vastgoed Kantoren BV and for properties held by Delta Lloyd Vastgoed Winkels BV and Delta Lloyd Life NV. These sales were finalised in the fourth quarter of 2015. See section 4.1.7.13 'Investment property' for further details.

In the first half of 2015, properties held by Delta Lloyd Dutch Property Fund CV and several equity securities in private equity and hedge funds were classified as held for sale. These sales were finalised in the second half of 2015. See section 4.1.7.13 'Investment property' and section 4.1.7.15 'Debt and equity securities' for further details. At year-end, only one private equity security of the initial portfolio remains classified as held for sale. The sale is expected to be finalised in the first quarter of 2016.

See section 4.1.7.30 'Provision for other liabilities' for information on assets classified as held for sale and the related provisions for onerous contracts.

The tables below show financial assets and liabilities measured at fair value and the total carrying value to maintain the link with the above table of assets and liabilities relating to held for sale.

Financial assets held for sale by measurement method at year-end

In millions of euros	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Equity securities	29.2	29.2	-	-	29.2
Total	**29.2**	**29.2**	**-**	**-**	**29.2**

Financial assets held for sale by measurement method at prior year-end

In millions of euros	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Property and equipment	-	22.2	-	9.1	13.1
Investment property	553.9	553.9	-	550.0	3.9
Debt securities	2,887.9	2,887.9	2,775.9	112.0	-
Equity securities	74.5	74.5	1.4	73.1	-
Derivatives	5.9	5.9	-	5.9	-
Investments at policyholders' risk	361.7	361.7	361.7	-	-
Loans and receivables at amortised cost	7,279.0	7,780.7	-	7,780.7	-
Receivables and other financial assets	445.2	445.2	298.4	146.9	-
Accrued interest and prepayments	108.5	108.5	16.9	91.6	-
Cash and cash equivalents	337.8	337.8	337.8	-	-
Total	**12,054.3**	**12,578.2**	**3,792.0**	**8,769.2**	**17.0**

Financial liabilities held for sale by measurement method at prior year-end

In millions of euros	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Subordinated debt	67.0	78.4	-	78.4	-
Securitised mortgages loan notes designated at amortised cost	15.3	15.3	-	15.3	-
Derivatives	392.9	392.9	-	392.9	-
Other	5,785.6	6,059.5	1,028.7	5,030.7	-
Total	**6,260.8**	**6,546.1**	**1,028.7**	**5,517.3**	**-**

There were no transfers of recurring assets and recurring liabilities between fair value measurement based on published prices (level 1 of the fair value hierarchy) and fair value measurement based on observable market inputs (level 2 of the fair value hierarchy) during the year.

The valuation techniques used to obtain the fair value of assets and liabilities that are held for sale are the same of that of assets and liabilities not held for sale. See section 4.1.7.37 ‘Fair value of financial assets and liabilities’ for a description of the valuation techniques and inputs used in the fair value measurements.

The table below offers additional information on assets for which there are significant unobservable market inputs (level 3 of the fair value hierarchy).

Statement of changes in assets and liabilities held for sale within level 3

In millions of euros	Owner-occupied property	Investment property	Equity securities	Total 2015	Total 2014
At 1 January	13.1	3.9	-	17.0	15.1
Disposals	-13.1	-3.9	-	-17.0	-
Changes in fair value recognised through profit and loss	-	-	-	-	1.9
Transfer to held for sale	-	-	29.2	29.2	-
At 31 December	**-**	**-**	**29.2**	**29.2**	**17.0**

There is no one significant unobservable assumption or combination of assumptions that could be identified and used to perform a reasonably possible sensitivity analysis for the equity security held for sale on 31 December 2015.

4.1.7.6 Details of income

Premiums relating to insurance contracts

General insurance premiums written reflect new and renewed business during the year, and exclude any sales-based taxes. A limited part of the general insurance portfolio (mainly pools, exchange and inward reinsurance) is reported with a delay of one quarter. Unearned premiums are premiums written in a year that are related to periods of risk after the reporting period. Unearned premiums are computed daily, monthly or quarterly on a pro rata basis.

Premiums on life insurance contracts and discretionary participating investment contracts are recognised as income when receivable. For single-premium business, this is the date from when the policy is effective. Premiums on regular-premium contracts and additional contributions are recognised when payments are due. Premiums on unit-linked insurance contracts are recognised when they are received. Premiums are shown gross of commission and before any sales-based taxes and duties. When policies lapse due to non-receipt of premiums, all accrued premium income is debited to premium income from the date when the policies are deemed to have lapsed.

No premium income is recognised in the income statement for investment contracts without discretionary participating features (non-DPF).

Income relating to investment contracts

Investment contract policyholders are charged fees for policy administration, investment management, surrenders and other contract services. These fees are recognised as revenue in the period in which they arise unless they relate to future services, in which case they are deferred and recognised when the service is provided. If there is no contract for investment management services, the upfront fee is recognised as revenue on receipt. However, for investment contracts that are measured at amortised cost, the fee forms part of the amortised cost.

Net investment income

Investment income consists of cash and stock dividends, interest and rental income receivable for the year, fair value changes in investments through profit or loss, impairment charges on available-for-sale investments, impairment charges on loans and receivables at amortised cost and book gains and losses on the sale of investments. Dividends on investments in equity securities are recorded as revenue on the ex-dividend date. Interest income is recognised as it accrues, taking into account the effective interest rate of the investment. It includes interest income as a result of interest rate differentials on forward foreign exchange contracts. Rental income is recognised based on the elapsed rental period.

The realised gain or loss on the disposal of an investment is the difference between the proceeds received, net of transaction costs, and its original cost or amortised cost as appropriate. Unrealised gains and losses represent the difference between the carrying value at year-end and the carrying value at the previous year-end or the purchase price during the year, less the reversal of previously recognised unrealised gains and losses on disposals made during the year.

Income from securities lending is settled with the counterparty and recognised in the income statement on a quarterly basis.

Fee and commission income

Fee and commission income consists primarily of management and distribution fees from investment funds, commission revenue from the sale of investment fund shares and intermediary fees. These fees are recognised in the period when the services they relate to are provided. Reinsurance commission receivable and other commission income are recognised on the trade date.

Details of income

In millions of euros	2015	2014
Net premiums earned		
Premiums written Life	2,683.7	2,626.6
Premiums written General	1,354.7	1,336.7
Gross written premiums	4,038.3	3,963.3
Premiums ceded to reinsurers Life	-59.7	-63.5
Premiums ceded to reinsurers General	-102.8	-272.4
Net written premiums	3,875.9	3,627.5
Gross movement in provision for unearned premiums	0.6	59.9
Reinsurers' share of movement in provision for unearned premiums	-0.2	-
Net movement in provision for unearned premiums	0.4	59.8
Total net premiums earned	3,876.3	3,687.3
Net investment income		
Interest income	1,383.2	1,500.1
Net rental income	66.6	77.1
Dividends	90.6	88.4
Movements in the fair value of investments classified as held for trading	-5.1	-1.1
Movements in the fair value of investments classified as other than trading	-578.3	4,442.9
Realised gains and losses on investments classified as available for sale	295.4	274.2
Impairment of investments classified as available for sale	-23.7	-29.1
Reversal of impairment of investments classified as available for sale	0.0	7.3
Result from loans and receivables	7.5	2.2
Impairment of loans and receivables	-27.1	-34.3
Reversal of impairment of loans and receivables	26.2	7.4
Result from derivatives	-647.7	1,436.0
Realised/unrealised other investment income	29.6	11.7
Result from investment property	-19.0	-72.6
Share of profit or loss after tax of associates	82.6	73.4
Total net investment income - own risk	680.9	7,783.5
Interest income	135.4	129.0
Dividends	115.3	111.1
Movements in the fair value of investments classified as other than trading	612.1	1,453.4
Result from derivatives	11.1	-24.1
Total net investment income - at policyholders' risk	873.9	1,669.3
Interest income	52.3	64.8
Dividends	43.9	45.9
Movements in the fair value of investments classified as other than trading	180.6	337.7
Result from derivatives	4.6	-11.4
Total net investment income - third party interest	281.5	437.0
Total net investment income	1,836.4	9,889.9
Fee and commission income		
Fee income from investment contract business	2.2	3.6
Fund management fee income	128.4	105.6
Other fee income	50.0	69.2
Total income from reinsurance premiums	36.5	28.5
Other commission income	81.6	86.2
Total fee and commission income	298.7	293.1
Other income	63.2	6.6
Total income	**6,074.6**	**13,876.9**

Net rental income consists of rental income on investment properties of € 103.4 million (2014: € 116.2 million) and operating expenses including repairs and maintenance on rented property of € 36.8 million (2014: € 39.1 million) of which € 0.8 million related to vacancies (2014: € 2.2 million). Lease agreements are at arm's length. Expected future rental income is disclosed in section 4.1.7.36 'Off-balance sheet positions'.

Movements in the fair value of investments classified as other than trading include € 735.5 million (2014: € 400.2 million) of realised fair value changes for debt securities at own risk and € -1,456.1 million (2014: € 3,901.3 million) of unrealised fair value changes for debt securities at own risk.

Of the reversals of impairment charges during the year totalling € 26.2 million, an amount of € 14.1 million relates to the liquidation of a participation of Delta Lloyd Vastgoed Ontwikkeling BV. The liquidation of this participation resulted in a repayment on a receivable that was fully impaired.

Total results from derivatives (own risk, at policy holders' risk and third party interests) included € -477.0 million (2014: € 1,564.2 million) of unrealised fair value changes and € -154.9 million of realised fair value changes (2014: € -163.6 million).

The change in result from investment property is mainly due to the increase in unrealised fair value gains on investment to € 24.9 million (2014: € -71.7 million).

Gross written premiums of Life in the financial year

In millions of euros	Individual insurance	Group insurance	Individual investment	Group investment	Total
Single premium	361.4	388.1	145.0	96.8	991.4
Annual premium	542.7	1,000.9	50.5	68.6	1,662.8
Reinsurance	21.2	8.3	-	-	29.5
Total	**925.4**	**1,397.3**	**195.5**	**165.5**	**2,683.7**

Gross written premiums of Life in the prior financial year

In millions of euros	Individual insurance	Group insurance	Individual investment	Group investment	Total
Single premium	235.3	502.5	155.5	79.1	972.4
Annual premium	552.2	953.6	49.6	65.9	1,621.3
Reinsurance	23.9	9.1	-	-	33.0
Total	**811.5**	**1,465.2**	**205.1**	**145.0**	**2,626.6**

Interest income in the financial year - own risk

In millions of euros	2015	2014
Debt securities available for sale	37.9	73.3
Debt securities other than trading	658.0	705.5
Total debt securities	695.9	778.8
Total mortgages	624.0	690.9
Deposits	1.7	3.6
Issued loans	111.0	89.9
Loans to banks	-0.6	1.3
Loans and advances to clients	36.9	64.2
Cash and cash equivalents	6.8	6.8
Other	-92.5	-135.2
Other interest income	63.3	30.5
Total interest income	**1,383.2**	**1,500.1**

Other mainly consists of the result on interest rate swaps € -12.6 million (2014: € -98.1 million) and amortisation of hedged items € -60.3 million (2014: € -20.7 million).

Movements in fair value of derivatives held for fair value hedge accounting

In millions of euros	2015	2014
Movement in fair value of the hedging instrument	10.7	-151.2
Movement in fair value of the hedged positions	-24.8	174.6
Amortisation of the fair value of the hedged positions	-60.3	-20.7
Movements in fair value of derivatives held for fair value hedge accounting	**-74.4**	**2.7**

Movements in the fair value of the hedging instrument and movements in the fair value of the hedged positions are included in result from derivatives. Amortisation of the fair value of the hedged positions is included in other interest income.

4.1.7.7 Details of expenses

Expenses are recognised in the period in which the services or goods were provided and to which the payment relates.

Claims and benefits

General insurance claims incurred include all losses occurring during the year, whether reported or not, related handling costs for claims, reduced for the value of salvage and subrogation, and adjustments to claims outstanding from previous years. Claims-handling costs relate to internal costs incurred in connection with the settlement of claims. Internal claims-handling costs include the direct expenses of the claims department and allocated general expenses.

Life insurance benefits reflect the cost of all claims arising during the year, including handling costs and bonuses accrued.

Expenses for investment contracts

Expenses for investment contracts without discretionary participating features are recognised insofar as payments or recalculated obligations exceed the carrying value of the obligations.

Fee and commission expense

Other fee expenses represent any uncapitalised commission expense paid during the reporting period to agents, advisors, brokers and dealers (e.g. renewal commission).

Details of expenses in the financial year

In millions of euros	2015	2014
Claims and benefits paid		
Life	3,065.9	3,121.1
General	970.1	982.9
Total claims and benefits paid*	4,036.1	4,104.0
Life	-71.8	-71.4
General	-86.2	-87.5
Total claim recoveries from reinsurers	-158.0	-158.8
Net claims and benefits paid*	3,878.0	3,945.1
Change in insurance liabilities, net of reinsurance		
Change in insurance liabilities	-297.9	7,078.7
Change in reinsurance assets for insurance	84.0	-104.2
Total change in insurance liabilities, net of reinsurance	-213.8	6,974.5
Charge to financial liability on behalf of third party interest in consolidated investment funds	487.3	660.6
Expenses relating to the acquisition of insurance, investment and other contracts	621.4	618.8
Finance costs		
Interest on other financial liabilities	18.8	28.9
Interest on savings and (demand) deposits	88.4	127.1
Interest on issued bond loans	93.2	107.4
Interest on subordinated debt	64.4	106.3
Interest on securitised mortgage loan notes	41.9	50.7
Pension interest cost	55.7	73.3
Total finance costs	362.5	493.7
Other operating expenses		
Staff costs and other employee-related expenditures	539.6	508.9
Amortisation of intangible fixed assets	14.7	13.9
Depreciation on property and equipment	7.4	9.0
Operating expenses	428.6	399.6
Gains and losses on disposals	-0.7	0.1
Impairment of goodwill	21.2	-
Impairment of other intangible assets	1.1	2.6
Impairment of property and equipment	3.6	6.1
Impairment of receivables	7.9	7.0
Reversal of impairment of receivables	-6.5	-6.2
Allocated to expenses relating to the acquisition of insurance, investment and other contracts	-228.2	-225.1
Total other operating expenses	788.8	716.0
Total expenses	**5,924.2**	**13,408.7**

*Total claims and benefits paid includes profit sharing and discounts.

Of the total finance costs, € 343.7 million (2014: € 472.9 million) relates to liabilities measured at amortised cost and € 18.8 million (2014: € 20.8 million) to securitised mortgage loan notes measured at fair value.

Operational lease charges, included in operating expenses, were lower at € 18.3 million (2014: € 20.2 million). No contingent rents or sublease payments are included in this amount.

4.1.7.8 Employee information

Staff costs are recognised for the period in which the employees provide the services that relate to the payments. The accounting policy for pensions is included in section 4.1.7.29 'Pension obligations' and that for share-based payments (profit sharing and incentive plans) is incorporated further on in this section.

Average number of employees (FTEs) during the year

Number in FTEs	2015	2014
Permanent staff	4,620.4	5,090.9
Temporary staff	587.4	567.0
Total	**5,207.8**	**5,657.9**

Average number of employees includes Delta Lloyd Deutschland 183.0 FTE (2014: 188.3 FTE) until the end of September and Delta Lloyd Bank Belgium 511.3 FTE (2014: 529.1 FTE) until the end of June. Therefore, the average number of employees decreased by 45.8 FTE due to the sale of Delta Lloyd Deutschland and 255.7 FTE due to the sale of Delta Lloyd Bank Belgium. The remaining part of the decrease in average number of employees is the result of a cost-saving programme.

Staff costs in the financial year

In millions of euros	2015	2014
Salaries	259.9	277.2
External staff	83.3	79.3
Social security contributions	43.2	52.5
Pension expenses*	73.0	28.8
Profit sharing and incentive plans	4.1	8.7
Termination benefits	18.6	5.1
Other staff costs	57.6	57.3
Total	**539.6**	**508.9**

* See section 4.1.7.29 'Pension Obligations'.

Staff costs charged to:

In millions of euros	2015	2014
Expenses relating to the acquisition of insurance and investment contracts	71.0	76.0
Claims-handling expenses	24.4	25.4
Other operating expenses	444.2	407.5
Total	**539.6**	**508.9**

Pension expenses are € 44.2 million higher than last year mainly due to past service costs (gain) in 2014 of € 28.9 million related to the retrenchment of the pension plan and due to the lower discount rate at the beginning of 2015 compared to the beginning of 2014.

Other staff costs include € 37.8 million for travel expenses, holiday allowances and training costs (2014: € 40.7 million).

Share-based and performance-related incentive plans

Delta Lloyd has three share-based and performance related incentive plans, one of which is equity-settled (Variable Incentive Plan for identified staff) and two are cash-settled (Delta Lloyd Phantom Option Plan and Variable Incentive Plan for other managers).

Equity-settled plan

For the equity-settled plan the overall expense is calculated on the grant date of the conditional shares as the fair value of a conditional share, multiplied by the estimated number of conditional shares that will vest, based on expectations regarding performance criteria that are not related to market conditions, and the continuation of employment ('vesting conditions'). In determining the fair value, account is taken of the market conditions applicable to the performance criteria related to total shareholder return. The fair value does not change during the period up to vesting. See the general section below for the fair value calculation method. The overall expense is allocated on a straight-line basis over the vesting period (four years), based on the employee services rendered, taking into account the estimated number of conditional shares that can vest under the applicable vesting conditions on each reporting date. The expense is recognised in staff costs with 'equity compensation plan' in equity as the contra-account. On vesting the difference between the 'equity compensation plan' in equity and the actual costs is transferred to retained earnings.

Cash-settled plans

For the cash-settled plans Delta Lloyd determines the fair value on each grant, reporting and settlement date. All changes are immediately recognised in the income statement with a related adjustment to the ‘equity compensation plan’ provision. The fair value of the phantom options granted is measured using a binomial tree model, taking account of the terms and conditions under which they were granted, including a cap on the actual payment. See the general section below for the fair value calculation method for the Variable Incentive Plan.

General

The fair value of the grants under the variable incentive plans is measured using a Black-Scholes model and Monte Carlo simulation models that incorporate all the specific characteristics of the plans. Expected dividends are applied in accordance with the dividend policy of Delta Lloyd. Volatility is based on historic data of the Delta Lloyd share price.

The vesting of grants is subject to set performance criteria and continued employment at Delta Lloyd on the vesting date. If employment is terminated, the grants lapse immediately, except in a situation where the employee leaves as a result of early retirement, disability, death or because the entity for which the employee works is no longer part of Delta Lloyd. In this last case, the grants vest immediately and become exercisable for a period of one year, after which they lapse.

There is an ex-post risk adjustment for each deferred payout when the performance is reassessed against the original targets. There is also a clawback clause under which any variable remuneration may be recovered during a five-year period after the vesting date, if an employee has acted unethically and/or in conflict with Delta Lloyd’s policy.

The share-based and performance-related incentive plans are presented including discontinued operations.

An amount of € 0.2 million for share-based and performance-related incentive plans as described below was charged to the income statement under profit sharing and incentive plans (2014: € 3.9 million), and an amount of € 4.0 million for other profit sharing and incentives was charged to the income statement (2014: € 5.1 million).

Profit sharing and incentive plans

In millions of euros	2015	2014
Equity-settled share-based payment transactions		
Variable Incentive Plan for identified staff	2.6	4.0
Total	2.6	4.0
Cash-settled share based payment transactions		
Phantom option plan	-2.2	-2.2
Variable Incentive Plan for other managers	-0.2	1.8
Variable Incentive Plan for identified staff and other managers for the cash settlement that is based on the Delta Lloyd NV share price development	-	0.5
Total	-2.4	-
Cash-settled performance-related incentive plan		
Variable Incentive Plan for identified staff and other managers for the cash settlement that is not based on the Delta Lloyd NV share price development	-	-0.1
Total share-based and performance-related incentive plans	0.2	3.9
Other profit sharing and incentives	4.0	5.1
Transfer to result after tax from discontinued operations	-0.1	-0.2
Total profit sharing and incentive plans	**4.1**	**8.7**

Delta Lloyd Phantom Option Plan (to 3 November 2009)

The final grants under the 2006 Phantom Option Plan were made in 2009. According to this plan, on 1 January of each year, conditional phantom options were granted to members of the Executive Board and to certain members of the senior management. No initial payment was required. A phantom option entitles the holder to receive in cash the increase in value of a 'performance unit' measured from the grant date until the date of exercise. The options vest after three years (performance period) and are exercisable until five years after the vesting date. As a result of the public offering on 3 November 2009, the Supervisory Board revised the terms and conditions of the plan. Existing performance criteria attached to the outstanding options were dropped and the vesting percentage of the outstanding options granted in 2007, 2008 and 2009 was fixed at 75%. The other terms and conditions attached to the options remained in place.

The fair value is calculated using individual caps, forfeitures and the following:

Parameters for phantom options current year

	2009 options
Outstanding number at year-end	489,205
Date of grant	01-Jan-2009
Vesting date	01-Jan-2012
Expiry date	31-Dec-2016
Share price volatility	52%
Exercise price (euros)	13.63
Dividend yield	4.66%
Risk-free interest rate	-0.41%
Remaining term (years)	1

Parameters for phantom options prior year

	2008 options	2009 options
Outstanding number at year-end	1,449,729	522,921
Date of grant	01-Jan-2008	01-Jan-2009
Vesting date	01-Jan-2011	01-Jan-2012
Expiry date	31-Dec-2015	31-Dec-2016
Share price volatility	22.00%	24.00%
Exercise price (euros)	22.10	13.63
Dividend yield	5.51%	5.51%
Risk-free interest rate	-0.09%	-0.12%
Remaining term (years)	1	2

The release to the income statement was € 2.2 million (2014: release of € 2.2 million). The movements in the number of options granted were as follows:

Statement of changes in phantom options granted

In numbers of options	2015	2014
Outstanding at 1 January	1,972,650	4,183,530
Granted	-	-
Exercised during the year	-33,716	-480,673
Expired	-1,449,729	-1,552,669
Forfeiture by termination of employment during the year	-	-177,538
Outstanding at 31 December	**489,205**	**1,972,650**

All phantom options that were granted and have vested are unconditional. The phantom options 2009 were exercised from 12 February 2015 to 15 April 2015 at a weighted average share price of € 17.44. During 2015, no other phantom options were exercised.

The total intrinsic value of options granted is nil at 31 December 2015 (2014: € 2.4 million); the Delta Lloyd NV share price of € 5.45 on 31 December 2015 (2014: € 18.19) was below the exercise prices of the options granted in 2009.

Variable Incentive Plan for identified staff (VIP-is, from 1 January 2011)

The VIP-is is a plan for Executive Board members, directors and managers in control functions and functions affecting the risk profile. Their grant until 31 December 2012 is conditional and paid 50% in cash and 50% in shares. Their grant from 1 January 2013 onward is conditional and fully paid in shares. The conditional shares confer the right to a distribution of Delta Lloyd NV shares and may become unconditional after the respective vesting dates, depending on the achievement of set performance criteria and continued employment at Delta Lloyd.

Identified staff other than Executive Board members have a holding period of two years after the shares become unconditional. The holding period for Executive Board members is between two and four years depending on the vesting date.

The table below provides further information on shares granted conditionally and the parameters applied to determine their fair value.

Parameters for conditional shares (VIP-is)

	shares granted 2015	shares granted 2014	shares granted 2013	shares granted 2012
Valuation date (grant date)	01-Jan-2015	20-Mar-2014	01-Jan-2013	22-Feb-2012
Start vesting period	01-Jan-2015	01-Jan-2014	01-Jan-2013	01-Jan-2012
First determination date	31-Dec-2015	31-Dec-2014	31-Dec-2013	31-Dec-2012
Vesting date first tranche	01-Jan-2016	01-Jan-2015	01-Jan-2014	01-Jan-2013
Vesting date second tranche	01-Jan-2017	01-Jan-2016	01-Jan-2015	01-Jan-2014
Vesting date third tranche	01-Jan-2018	01-Jan-2017	01-Jan-2016	01-Jan-2015
Vesting date fourth tranche	01-Jan-2019	01-Jan-2018	01-Jan-2017	01-Jan-2016
Share price volatility	22-34%	24-37%	36-44%	38-53%
Share price at initial grant date (euros)	17.54	20.01	13.41	14.53
Dividend yield	5.63%	5.41%	7.40%	6.66%
Risk-free rate	-0.15 - -0.25%	0.15-0.60%	-0.03 - 0.42%	0.18 - 1.10%

The charge for 2015 was € 2.6 million (2014: € 4.0 million). This accounts for the forfeiture of conditional shares and 100% vesting (the maximum is 150%) of grants made, except for 2012. In 2012, the vesting was adjusted to 50% due to the discretionary decision of the Supervisory Board and the Executive Board to make downward adjustments based on the rules of the variable incentive plan.

Statement of changes in conditional shares (VIP-is)

In numbers of shares	2015	2014
Outstanding at 1 January	569,429	582,097
Granted	234,252	301,159
Exercised	-240,870	-246,844
Forfeiture by termination of employment during the year	-19,343	-46,018
Forfeiture by performance criteria during the year	-75,910	-20,965
Outstanding at 31 December	**467,558**	**569,429**

All conditional shares were fully unvested on 31 December 2015 and 31 December 2014.

Variable Incentive Plan for other managers (VIP-om, from 1 January 2011)

The VIP-om is a plan for other managers who are not identified staff. Their grant until 31 December 2012 is paid 50% in cash and 50% in conditional phantom shares. From 1 January 2013 onwards their grant is fully paid in conditional phantom shares. The conditional phantom shares confer the right to a distribution in cash. There is no right to dividend phantom shares while the phantom shares have not yet vested and the payout is 50% after the remuneration year and 50% is paid in equal instalments in the three subsequent years. This payout depends on achieving set performance criteria and continued employment at Delta Lloyd.

The table below provides further information on the phantom shares and the parameters used to determine the fair value on 31 December 2015, based on the closing price of Delta Lloyd NV shares of € 5.45 (2014: € 18.19).

Parameters for phantom shares (VIP-om) current year

	2015 shares	2014 shares	2013 shares	2012 shares
Grant date	01- Jan-2015	20- Mar-2014	01- Jan-2013	22- Feb-2012
Start of vesting period	01- Jan-2015	01- Jan-2014	01- Jan-2013	01- Jan-2012
First determination date	31- Dec-2015	31- Dec-2014	31- Dec-2013	31- Dec-2012
Vesting date first tranche	01- Jan-2016	01- Jan-2015	01- Jan-2014	01- Jan-2013
Vesting date second tranche	01- Jan-2017	01- Jan-2016	01- Jan-2015	01- Jan-2014
Vesting date third tranche	01- Jan-2018	01- Jan-2017	01- Jan-2016	01- Jan-2015
Vesting date fourth tranche	01- Jan-2019	01- Jan-2018	01- Jan-2017	01- Jan-2016
Share price volatility	0-52%	0-53%	0-52%	0%
Dividend yield	4.66%	4.66%	4.66%	4.66%
Risk-free rate	-0.41-0%	-0.38-0%	-0.41-0%	0%

Parameters for phantom shares (VIP-om) previous year

	2014 shares	2013 shares	2012 shares
Grant date	20- Mar-2014	01- Jan-2013	22- Feb-2012
Start of vesting period	01- Jan-2014	01- Jan-2013	01- Jan-2012
First determination date	31- Dec-2014	31- Dec-2013	31- Dec-2012
Vesting date first tranche	01- Jan-2015	01- Jan-2014	01- Jan-2013
Vesting date second tranche	01- Jan-2016	01- Jan-2015	01- Jan-2014
Vesting date third tranche	01- Jan-2017	01- Jan-2016	01- Jan-2015
Vesting date fourth tranche	01- Jan-2018	01- Jan-2017	01- Jan-2016
Share price volatility	0-29%	0-24%	0-22%
Dividend yield	5.51%	5.51%	5.51%
Risk-free rate	-0.12-0%	-0.12-0%	-0.09-0%

The release in 2015 was € 0.2 million (2014: charge of € 1.8 million). This accounts for the forfeiture of conditional shares and 100% (the maximum is 150%) vesting of grants made, except for 2012. In 2012, the vesting was adjusted to 50% due to the discretionary decision of the Supervisory Board and the Executive Board to make downward adjustments based on the rules in the variable incentive plan.

The movements in the number of phantom shares granted are set out below.

Statement of changes in conditional phantom shares (VIP-om)

In numbers of shares	2015	2014
Outstanding at 1 January	207,021	218,372
Granted	92,467	109,237
Exercised	-89,416	-98,147
Forfeiture by termination of employment during the year	-3,581	-12,260
Forfeiture by performance criteria during the year	-22,670	-10,181
Outstanding at 31 December	**183,821**	**207,021**

All conditional phantom shares were fully unvested on 31 December 2015 and 31 December 2014.

4.1.7.9 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of Delta Lloyd's share of net assets, including the contingent and other liabilities, of the acquired subsidiary on the date of acquisition. The carrying amount of goodwill for each cash-generating unit, or combination of cash generating units, is reviewed annually, or more frequently when circumstances or events indicate a possible impairment. Goodwill is impaired to the recoverable amount if the recoverable amount is lower than the carrying value. The impairment is charged as an expense to the income statement (other operating expenses).

Impairment of goodwill regarding life insurance activities

The minimum recoverable amount related to life insurance activities is determined by the embedded value (EV) of the activities concerned. The embedded value is calculated using estimates of future distributable profits arising from the existing portfolio of an insurance company. The embedded value provides a prudent estimate of the value in use (VIU), as it does not include the value of future new business. Whether goodwill is impaired, is verified as follows:

- There is no impairment if the carrying value (net assets including attributable goodwill) is lower than the embedded value;
- It is possible that impairment of goodwill must be recognised if the carrying value (net assets including attributable goodwill) is higher than the embedded value. In this case, a decision must be made as to whether asset spread contracts make up a significant portion of the life insurance activities. Asset spread contracts are insurance contracts where the margin for the insurer comprises the difference between the return made on the underlying investments and the return paid to policyholders;
- If asset spread products do not make up a significant portion of the life insurance activities, appraisal value is used to determine the recoverable amount. Appraisal value is an actuarial value comparable to fair value and determined as the sum of two components: (i) the embedded value of the existing portfolio of life insurance activities and (ii) the present value of various annual tranches of future new business. The value of new business in one year is determined on EV principles that discount expected future distributable profits. The present value of various annual tranches of expected future new business is generally calculated by taking the value of new business in one year and extrapolating it into the future, taking into account recent growth and volatility of new business, expected future growth and profitability of new business, the types of distribution channel and degree of control over them and recent estimates by analysts and industry benchmarks.

If asset spread products make up a significant portion of the life insurance activities, the value attributed to these must be explicitly included in an appraisal value calculation.

The key assumptions for calculating embedded value are the use of the Solvency II (SII) interest rate structure, including a volatility adjustment for new and in-force business of 22 basis points and an UFR of 4.2%. Also no growth expectations were used for in-force business and tax rates of 25% in the Netherlands and 34% in Belgium. In 2014 the SII interest rate structure was also used but for new business a liquidity premium of 34 basis points was applied, a volatility adjustment for in-force business of 21 basis points and an UFR of 4.2%.

Calculating the recoverable amount for ABN AMRO Verzekeringen takes into account the duration of the contract with ABN AMRO Bank.

Impairment of goodwill regarding general insurance and other operating activities

The recoverable amount relating to general insurance and other operating activities is defined as the higher of the VIU and fair value less costs to sell. The discounted cash flow method is used to establish the VIU and fair value less costs to sell. This uses net-of-tax forecasts of cash inflows and cash outflows incurred to generate the cash inflows. Factors at the basis of the expected future cash flows include historical growth, agreed business plans for the activities, expected working and fixed capital requirements and historical and expected levels of operating profits. In addition, the asset's ability to generate cash flows beyond the explicit forecast period is included by establishing a terminal value. The future cash flows and the terminal value are then discounted using a risk-adjusted discount rate (often the weighted average cost of capital or the cost of equity), which accurately reflects the inherent risk of the asset. To avoid double counting, risks that have already been taken into account in determining the cash flows are not included in the discount rate.

The key assumptions used to calculate the recoverable amount of goodwill are:

- Expected cash flows for future periods based on plan figures for a period of three years, similar to the plan period of the cash-generating entity;
- For the years after management's plan period, cash flows are extrapolated using an average growth rate ranging between 1.70% and 1.94% (2014: between 1.31% - 1.44%) depending on the specific circumstances of the activities; and
- Depending on the activities being valued, the risk adjusted discount rate is 9.6% to 11.0% (2014: 9.0% - 11.2%).

The expected cash flows for future periods are based on the figures for the 2016-2018 plan period. The expected cash flows beyond the plan period are extrapolated based on a growth rate that takes into account analysts' estimates of the increase in gross national product and inflation.

Statement of changes in carrying value of goodwill

In millions of euros	2015	2014
Gross carrying value of goodwill		
At 1 January	352.2	345.2
Addition	-	7.0
At 31 December	352.2	352.2
Accumulated impairment		
At 1 January	-61.7	-61.7
Impairment losses	-21.2	-
At 31 December	-83.0	-61.7
Net carrying value of goodwill at 31 December	**269.2**	**290.4**

Goodwill allocation and impairment testing

For impairment testing purposes, goodwill is allocated to cash-generating units by division and operating segment.

Goodwill allocated to cash-generating units

In millions of euros	Delta Lloyd ABN AMRO Verzekeringen Holding BV	Swiss Life NV	Cyrte Investments BV	Other	Total
Carrying value at 31 December 2015	127.3	131.9	-	10.0	269.2
Carrying value at 31 December 2014	127.3	131.9	21.2	10.0	290.4

The impairment test for ABN AMRO Verzekeringen established a surplus value of € 40.9 million (2014: € 50.0 million). The sensitivity to the market interest rate (the most important key variable in the market value calculation) at year-end 2015 is based on available capital sensitivities on the economic balance sheet. A rise of 25 basis points in market interest rates would lead to a fall of € 5.1 million in available capital on the economic balance sheet (€ 2.6 million based on a 51% interest in ABN AMRO Verzekeringen). A fall of 25 basis points in market interest rates would lead to a rise of € 5.3 million in available capital (€ 2.7 million based on a 51% interest in ABN AMRO Verzekeringen).

For Swiss Life Belgium the impairment test established a surplus value of € 123.7 million (2014: € 259.0 million). The sensitivity to the market interest rate (the most important key variable in the market value calculation) at year-end 2015 is based on available capital sensitivities on the economic balance sheet. A 25 basis points rise in market interest rates would lead to an increase of € 1.9 million in available capital on the economic balance sheet. A 25 basis points fall in market interest rates would decrease the available capital by € 1.3 million.

The impairment test that was performed for Cyrte Investments resulted in an impairment of the full goodwill amount in 2015. The main reason is a decrease in expected future inflow of new money and the distribution from the Cyrte funds during 2015 resulting in an overall lower assets under management base for Cyrte Investments. Assets under management is the main driver for the management fees to be earned.

The category Other mainly consists of goodwill related to the acquisition of BeFrank.

4.1.7.10 AVIF and other intangible assets

Acquired value of in-force business (AVIF)

The present value of future profits on a portfolio of insurance and investment contracts acquired, either directly or through the purchase of a subsidiary, is recognised as an intangible asset. The amortisation on AVIF follows the development of the portfolio to which it is linked. The amortisation charge is part of other operating expenses. The estimated values are adjusted if they differ from earlier estimates. The carrying amount of AVIF is reviewed annually for impairment by including it in the liability adequacy test. Any impairment is charged to the income statement.

Other intangible assets

Other intangible assets include software, customer relationships and distribution channels recognised in relation to an acquisition. An acquisition is initially recognised at fair value (cost price). In subsequent periods, acquisitions are accounted for at cost net of amortisation and impairment. Amortisation and impairment are charged to the income statement. Purchased and proprietary internally developed software are amortised using a straight-line method over their useful lives, up to a maximum of three years. The amortisation charge is included in the income statement under 'Other operating expenses'.

Customer relationships and access to distribution channels, when acquired in a business combination, are capitalised when the definition of an intangible asset is met and when fair value can be measured reliably. Upon the acquisition of ABN AMRO Verzekeringen, the access obtained to the ABN AMRO distribution channel was separately identified as an intangible asset and is being amortised over 30 years. This represents the duration of the agreement with ABN AMRO Bank.

Amortisation periods for other intangible assets are reviewed once a year. The estimated values are adjusted if they differ from previous estimates. Circumstances can also lead to impairments.

Impairment of other non-financial assets

An impairment loss is accounted for in other non-financial assets for the amount by which the carrying amount of the asset exceeds its recoverable amount, whichever is the higher between the asset's net realisable value and its value in use. The net realisable value is the fair value less selling expenses. The value in use is the discounted value of the expected future cash flows generated by the asset in question. Assessing whether there is an impairment is done either at the level of the separate asset or at that of the smallest identifiable cash flow-generating entity.

Carrying value of AVIF and other intangible assets at year-end

In millions of euros	AVIF	Software	Other	Total 2015
Cost	74.5	33.2	179.3	287.1
Cumulative amortisation	-67.0	-28.3	-100.8	-196.2
Cumulative impairment	-	-	-	-
Carrying value	**7.4**	**4.9**	**78.5**	**90.9**

Carrying value of AVIF and other intangible assets at prior year-end

In millions of euros	AVIF	Software	Other	Total 2014
Cost	74.5	77.1	182.3	333.9
Cumulative amortisation	-63.3	-65.0	-96.0	-224.3
Cumulative impairment	-	-5.4	-	-5.4
Carrying value	**11.2**	**6.7**	**86.2**	**104.2**

The AVIF (acquired value of in-force) refers to the acquired portfolio value of ABN AMRO Verzekeringen of € 7.4 million (2014: € 11.2 million). AVIF is amortised on a straight-line basis. The remaining amortisation period for the AVIF portfolio at the end of 2015 is two years.

The other intangibles mainly consist of the distribution channel acquired as part of the takeover of ABN AMRO Verzekeringen, the carrying value at 31 December 2015 amounts € 57.2 million (2014: € 60.6 million). This item will be amortised over the next seventeen years.

The decrease in software (as part of other intangibles) relates to the internal software amortisation. A part of the internally developed software reached the end of its useful live and was fully amortised.

4.1.7.11 Deferred acquisition costs

Acquisition costs comprise fixed and variable costs arising from writing insurance contracts. Acquisition costs relating to life insurance contracts and investment contracts are amortised systematically over a term no longer than the period expected to recover them from future margins, subject to a maximum of 10 years. Acquisition costs relating to general insurance contracts are amortised over the term in which premiums are earned. Deferred acquisition costs are reviewed by business segment at the end of each reporting period. They are impaired if they are no longer considered recoverable.

Deferred acquisition costs at year-end

In millions of euros	Life	General	Total 2015	Life	General	Total 2014
Participating insurance contracts	23.4	-	23.4	24.2	-	24.2
Non-participating insurance contracts	31.2	38.3	69.5	37.4	37.6	75.0
Investment contracts	17.0	-	17.0	17.8	-	17.8
Total deferred acquisition costs	**71.6**	**38.3**	**109.9**	**79.4**	**37.6**	**117.0**

4.1.7.12 Property and equipment

Owner-occupied properties (including those under construction) and equipment are carried at historical cost less accumulated depreciation and impairment. Depreciation and impairment are accounted for through profit or loss. The historical cost of assets that take a long time to develop, and owner-occupied properties in particular, also include capitalised borrowing costs.

Depreciation of property and equipment to their residual values is calculated on a straight-line basis over their estimated useful lives: land and properties under construction (own use) no depreciation, properties 40 years and computer equipment and furniture/fixtures respectively four and five years. The useful life and residual value are reviewed once a year. If the estimated values deviate from previous estimates, adjustments are made.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the impairment is taken to the income statement. Gains and losses on the disposals of property and equipment, representing the difference between the sales price and the carrying value, are taken to the income statement in the period in which the property or equipment is sold.

Repairs and maintenance are charged to the income statement in the financial period to which they relate. The cost of major renovations is included in the carrying amount of the asset when it is probable that additional future economic benefits from the existing asset will flow to Delta Lloyd. Major renovations are depreciated over the remaining useful life of the asset concerned.

Carrying value of property and equipment at year-end

In millions of euros	Owner-occupied property	Computer and other equipment	Total 2015	Owner-occupied property	Computer and other equipment	Total 2014
Cost	45.4	126.0	171.3	149.6	118.6	268.2
Cumulative depreciation	-11.4	-101.8	-113.2	-40.1	-97.4	-137.4
Cumulative impairments	-	-3.0	-3.0	-25.6	-3.0	-28.6
Carrying value	**33.9**	**21.2**	**55.1**	**84.0**	**18.2**	**102.2**

The decrease in owner-occupied property is mainly due to the sale of the owner occupied property included in the office investment portfolio (the Mondriaantoren in Amsterdam and the office building in Arnhem). See section 4.1.7.13 'Investment Property' for more details on the sale.

Delta Lloyd has no material financial leases for property and equipment, nor has it leased property and equipment to third parties under operating leases. There are no restrictions on ownership and no property and equipment has been pledged as security for liabilities.

There was no property under construction. As such no related borrowing costs were capitalised in the reporting period.

The fair value of property and equipment is included in section 4.1.7.37 'Fair value of assets and liabilities'. The fair value of computer and other equipment is not materially different from the carrying value.

4.1.7.13 Investment property

Investment property (including property under construction) is held for long-term rental yields and is not occupied by Delta Lloyd. Investment property (including property under construction) is measured at fair value, which is supported by market evidence, as assessed by qualified external appraisers. Changes in fair value are recognised in the income statement within net investment income. Borrowing costs on investment property under construction are capitalised until completion.

Statement of changes in investment property at year-end

In millions of euros	Investment property under construction	Investment property - freeholds	Investment property - long-term leaseholds	Investment property - short-term leaseholds	Total
At 1 January 2015	**32.1**	**1,401.9**	**49.0**	**42.6**	**1,525.6**
Additions	31.0	48.0	0.2	0.1	79.4
Disposals of subsidiaries	-	-151.8	-20.1	-0.7	-172.7
Disposals	-25.4	-377.6	-3.8	-0.3	-407.1
Transfers from/(to) owner-occupied property	-1.3	3.4	-	-	2.1
Fair value gains and losses	-0.9	22.5	0.6	2.7	24.9
At 31 December 2015	**35.4**	**946.4**	**26.0**	**44.4**	**1,052.2**
Cumulatives					
Cost	47.1	583.2	28.6	45.0	703.9
Revaluation	-11.7	363.2	-2.6	-0.6	348.3
Carrying value at 31 December 2015	**35.4**	**946.4**	**26.0**	**44.4**	**1,052.2**

Statement of changes in investment property at prior year-end

In millions of euros	Investment property under construction	Investment property - freeholds	Investment property - long-term leaseholds	Investment property - short-term leaseholds	Total
At 1 January 2014	**64.5**	**2,023.4**	**50.7**	**42.6**	**2,181.2**
Additions	0.4	76.6	0.1	0.2	77.3
Disposals	-32.2	-72.6	-0.3	-	-105.0
Transfers from owner-occupied property	-	1.9	-	-	1.9
Fair value gains and losses	-0.6	-77.5	-1.5	-0.2	-79.8
Transfer to assets held for sale	-	-550.0	-	-	-550.0
At 31 December 2014	**32.1**	**1,401.9**	**49.0**	**42.6**	**1,525.6**
Cumulatives					
Cost	41.3	1,101.7	91.6	49.9	1,284.5
Revaluation	-9.2	300.1	-42.6	-7.3	241.1
Carrying value at 31 December 2014	**32.1**	**1,401.9**	**49.0**	**42.6**	**1,525.6**

Additions to Investment property under construction in 2015 relate to the purchase of land and refurbishment.

In 2015 Delta Lloyd divested its entire commercial property portfolio. Disposals of subsidiaries relates to the sale of the office investment portfolio on 30 November, which resulted in a gain of € 8.1 million. Disposals mainly relate to the sale of the retail investment portfolio on 23 December 2015, which resulted in a loss of € 28.7 million (compared to half-year 2015).

Investment properties are assessed every half year by qualified external appraisers based on desktop appraisals and a full appraisal is carried out every three years. All investment properties had a full external appraisal at the end of 2015. Each appraisal is also checked by a second appraiser. There is a fixed fee for desktop appraisals and the fee for a full appraisal is a fixed percentage of the rental value. The appraisals are performed in compliance with international valuation standards published by the International Valuation Standards Committee and/or the regulations and standards in the RICS valuation standards prescribed by the Royal Institution of Chartered Surveyors.

The appraisers use the capitalised rental method, supported by the discounted cash flow method, to determine the market values. The table below shows the discount rates used for the three main groups.

Discount rate used

Main group	2015	2014
Residential	6.15% to 9.0%	5.3% to 8.35%
Retail	6.9% to 8.5%	7.0% to 7.5%
Offices	6.2% to 15.0%	6.5% to 14.0%

It has become more difficult to establish market values of Dutch retail and offices due to a lack of a sufficient number of comparable sales transactions. This implies that the degree of uncertainty in the appraisals is greater than usual. The appraisal values reflect the volatility of today’s market.

The investment properties are appraised using:

- Current leases, which form the basis of the appraisal;

- A gross initial yield, which is the percentage relationship between annual rental income at year-end and the fair value of the property excluding costs;
- A best estimate of the costs of future renovations and maintenance; and
- At the end of a lease contract, realistic estimates are made of the probability of vacancy, the potential impact of future rent discounts (lease incentives) and re-letting expectations. These estimates reflect the current situation in the property market.

In the reporting period no borrowing costs were capitalised (2014: nil).

See section 4.1.7.1 'Risk management' for the breakdown of the own risk property portfolio in residential, retail and offices.

4.1.7.14 Associates

Associates

Associates are entities over which Delta Lloyd has significant influence, but which it does not control. It is generally presumed that Delta Lloyd has significant influence when it has between 20% and 50% of the voting rights.

Investments in associates are accounted for based on the equity method of accounting. The equity method of accounting is discontinued when Delta Lloyd no longer has significant influence over the investment or when it obtains control, in which case the entity is consolidated.

When Delta Lloyd's share of losses in an associate equals or exceeds its interest in the associate, Delta Lloyd does not recognise further losses unless it has incurred obligations or made payments on behalf of the entity.

Joint venture

Joint ventures are entities over which Delta Lloyd has joint control. This control is contractually agreed and strategic decisions on financial and operational policies are taken unanimously. Joint ventures are accounted for based on the equity method, starting on the date Delta Lloyd gains joint control until the date on which it ceases to have such control. Currently Delta Lloyd has no joint ventures.

Statement of changes in associates at year-end

In millions of euros	2015	2014
Carrying value at 1 January	338.3	296.9
Change in ownership	-	-1.6
Disposals	-13.0	-
Capital injection	-	8.9
Capital withdrawal	-63.0	-162.0
Share of result after tax	82.6	73.4
Dividends received	-26.6	-
Fair value changes in equity	-39.5	-82.4
Transfer from equity securities	-	215.8
Transfer to investment in subsidiaries	-	-8.5
Other movements	0.2	-2.2
Carrying value at 31 December	**278.9**	**338.3**

Disposals in 2015 relate to the sale of Dasym IX and the liquidation of VOF Arena Campus. The capital withdrawals in 2015 relate to Project Holland Fonds CV and Dasym V. Dividends were received from Dasym V and Van Lanschot NV.

Delta Lloyd held a 30.2% interest in Van Lanschot NV on 31 December 2015 (2014: 30.2%). The fair value of this interest amounts to € 263.3 million (2014: € 215.8 million).

The tables below represent the financial data for Delta Lloyd's principal associates. The figures are based on the most recent financial information on the associates made available to Delta Lloyd. As such, this financial information is not based on the carrying values (including goodwill) initially recognised by Delta Lloyd as a result of the notional purchase price allocation performed on the date when significant influence commenced. Dasym V is no longer considered a principal associate (carrying amount at year-end 2015: € 0.1 million) after the capital withdrawal and dividend payment.

Summarised statement of financial position of principal associates at year-end

In millions of euros	Van Lanschot*	Project Holland Fonds CV	CF I Invest CV
Current assets	16,195.4	36.4	57.8
Of which is cash and cash equivalent	1,196.1	0.0	1.3
Non-current assets	274.4	-	-
Total assets	16,469.8	36.4	57.8
Current liabilities	11,647.4	3.1	0.1
Non-current liabilities	3,475.5	-	-
Total liabilities	15,123.0	3.1	0.1
Net assets	**1,346.8**	**33.3**	**57.7**

*These figures are determined using the half-year results of Van Lanschot as the full year figures were not available at the reporting date.

Summarised statement of financial position of principal associates at prior year-end

In millions of euros	Van Lanschot	Project Holland Fonds CV	CF I Invest CV	Dasym Investments V BV
Current assets	5,321.9	98.1	114.6	62.2
Of which is cash and cash equivalent	1,157.0	0.1	0.2	-
Non-current assets	11,937.6	0.6	12.0	-
Total assets	17,259.4	98.7	126.6	62.2
Current liabilities	12,642.7	2.6	-	0.1
Non-current liabilities	3,266.2	-	-	-
Total liabilities	15,908.9	2.6	0.1	0.1
Net assets	**1,350.5**	**96.0**	**126.5**	**62.2**

Summarised statement of comprehensive income of principal associates at year-end

In millions of euros	Van Lanschot*	Project Holland Fonds CV	CF I Invest CV
Revenue	276.8	15.2	12.2
Interest income	291.3	-	-
Dividends received	-	-	70.1
Depreciation and amortisation	-8.3	-	-
Interest expense	-189.6	-	-
Total comprehensive income	24.5	13.2	9.2

*These figures are determined using the half-year results of Van Lanschot as the full year figures were not available at the reporting date.

Summarised statement of comprehensive income of principal associates at prior year-end

In millions of euros	Van Lanschot	Project Holland Fonds CV	CF I Invest CV	Dasym Investments V BV
Revenue	1,097.1	3.2	29.3	3.8
Interest income	735.4	0.1	0.3	-
Dividend received	-	-	1.0	-
Depreciation and amortisation	-22.5	-	-	-
Interest expense	522.9	-	-	-
Total comprehensive income	108.7	9.1	26.5	3.8

Reconciliation of summarised financial information to carrying amount at year-end

In millions of euros	Van Lanschot*	Project Holland Fonds CV	CF I Invest CV
Net asset	1,368.7	33.3	57.7
Proportion of ownership interest	30.23%	43.49%	21.74%
Group share of net assets of associate, excluding fair value adjustment	413.7	14.5	12.5
Fair value adjustment	-192.2	-	-
Carrying amount	**221.5**	**14.5**	**12.5**

*These figures are determined using, and adjusting where necessary, the results Van Lanschot reported at half-year and includes the estimated effects of the Q3 update.

Reconciliation of summarised financial information to carrying amount at prior year-end

In millions of euros	Van Lanschot	Project Holland Fonds CV	CF I Invest CV	Dasym Investments V BV
Net asset	1,350.5	96.0	126.5	62.2
Proportion of ownership interest	30.21%	49.63%	21.73%	50.00%
Group share of net assets of associate, excluding fair value adjustment	408.0	47.7	27.5	31.1
Fair value adjustment	-192.2	-1.4	9.0	-5.6
Carrying amount	**215.8**	**46.3**	**36.5**	**25.5**

The Netherlands is the primary place of business of the three (2014: four) principal associates. The investments in principal associates include stakes in Van Lanschot and investment funds, which are required to maintain a minimum capital based on regulatory directives. Such restrictions can affect the ability of these principal associates to transfer funds in the form of cash dividends, or repayments of loans or advances, and therefore, there can be no assurance that these restrictions will not become a limitation in the future.

There are no unrecognised shares of losses in associates.

Individual investments in other associates are not considered material and are therefore not included in the statement of Delta Lloyd's principal associates and joint ventures.

Summarised information of other associates at year-end

In millions of euros	2015	2014
Post tax profit or loss	52.1	45.6
Other comprehensive income	-	0.5
Total comprehensive income	**52.1**	**46.0**
Carrying amount	30.3	14.3

The carrying amount mainly includes undistributed capital from CF I Invest CV to Delta Lloyd, which is currently held in escrow. The amount is expected to be settled in the first quarter of 2016.

4.1.7.15 Debt and equity securities

Investments classified as ‘held for trading’, ‘other than trading’ and ‘available for sale’ are measured at fair value. The fair value of investments is measured using the fair value hierarchy as described in section 4.1.7.37 ‘Fair value of assets and liabilities’. Changes in the fair value of investments ‘held for trading’ and ‘other than trading’ are accounted for in the income statement in the period in which the value change occurs. Changes in the fair value of investments classified as available for sale, other than impairment losses and relevant foreign exchange gains and losses, are recorded in a specific investment revaluation reserve within equity. When investments classified as available for sale are sold or impaired, the accumulated fair value adjustments are transferred out of the revaluation reserve to the income statement.

Purchases and sales of investments are recognised at fair value when the trade occurs; i.e. the date that Delta Lloyd commits to purchase or sell the assets. Transaction costs directly attributable to the initial acquisition of investments are recognised as follows:

- Transaction costs for investments designated at fair value through profit or loss are included in the income statement;
- Transaction costs for investments designated as available for sale are included in the initial measurement. Transaction costs for debenture loans are recognised as part of amortisation in the income statement using the effective interest rate method. Transaction costs for equity instruments are recognised in the income statement on sale.

The interest amount recognised in the income statement for debenture loans and other fixed-income investments at fair value, including transaction costs, is set annually based on amortised cost. The difference between the initial value and future repayment is recognised through profit or loss as amortisation, using the effective interest rate method. The initial amortised cost is calculated as the fair value including transaction costs.

At each reporting date Delta Lloyd assesses whether objective evidence exists that an available for sale financial asset is impaired. In the case of equity instruments classified as ‘available for sale’, this means a significant or prolonged decline in the fair value of the security below its cost. Significant is defined as at least 20% over an uninterrupted period of six months or more than 40% on the reporting date.

Prolonged is defined as measured below cost for more than a year. Delta Lloyd uses a graduated scale for the period between six months and one year and for a decline in value of up to 20%, to determine whether a financial asset available for sale is impaired. If the impairment proves to be structural, Delta Lloyd may decide to recognise it despite the period being less than six months. Impairment losses on equity securities cannot subsequently be reversed through the income statement. If a financial asset has been impaired, any future reductions in value, irrespective of the amount, are recognised through the income statement.

Debt securities available for sale are impaired if there is objective evidence that they are unlikely to be redeemed or if it is known that the issuer is in financial difficulties. If such evidence exists, the cumulative loss, measured as the difference between the acquisition cost and current fair value (excluding previously recognised impairment losses) is removed from equity and recognised in the income statement. If, in a subsequent period, the fair value of a debt instrument classified as ‘available for sale’ increases and the increase can be related to an objective event occurring after the recognition of the impairment loss, the impairment is reversed through the income statement.

Financial assets carried at fair value through profit or loss are not subject to impairment testing. The fair value of these assets already reflects possible impairments.

Debt and equity securities for own risk

In millions of euros	2015	2014
Debt securities	28,342.1	28,676.9
Equity securities	2,169.3	2,889.5
Total	**30,511.3**	**31,566.4**

A part of the debt securities amounting to € 233.2 million is pledged as non-cash collateral (2014: € 212.6 million).

Included in the decrease in equity securities is the disposal of the private equity portfolio. A large part of the portfolio was sold as per 18 November 2015, and the transaction was completed on 31 December 2015. At transaction date the fair value of this portfolio amounted to € 351.2 million. The impact of this transaction on the comprehensive income amounted to a loss of € 10.2 million, consisting of a negative result caused by the release of the revaluation reserve in equity amounting to € 54.9 million offset by realised gains of € 44.7 million. As agreed with the buyer, 45% of the purchase price was paid on the completion date and the remainder will be paid in December 2017. This receivable is discounted using the effective interest rate method.

Fair value of debt and equity securities for own risk by category at year-end

In millions of euros	Debt securities	Equity securities	Total
Recognised at fair value through profit or loss other than trading	26,824.0	1,133.8	27,957.8
Available for sale	1,518.1	1,035.5	2,553.6
Total	**28,342.1**	**2,169.3**	**30,511.3**

Fair value of debt and equity securities for own risk by category at prior year-end

In millions of euros	Debt securities	Equity securities	Total
Recognised at fair value through profit or loss other than trading	27,009.8	1,177.4	28,187.2
Available for sale	1,667.1	1,712.1	3,379.2
Total	**28,676.9**	**2,889.5**	**31,566.4**

Accumulated impairment of debt securities available for sale

In millions of euros	2015	2014
At 1 January	13.5	28.2
Impairment charges during the period	0.8	0.1
Reversal of impairment charges during the year	-0.0	-7.3
Disposals	-0.1	-7.5
At 31 December	**14.1**	**13.5**

Accumulated impairment of equity securities available for sale

In millions of euros	2015	2014
At 1 January	492.4	979.8
Impairment charges during the period	22.7	31.5
Disposals	-198.6	-509.0
Transfer to assets held for sale	-	-10.0
At 31 December	**316.4**	**492.4**

Repurchase agreements

Delta Lloyd had no repurchase agreements on debt securities on 31 December 2015 (2014: nil).

Investments in unconsolidated structured entities

Delta Lloyd's investments in unconsolidated structured entities such as RMBSs, ABSs and CDO/CLOs are presented in the line item 'debt securities' of the statement of financial position. Delta Lloyd did not recognise other interests in unconsolidated structured entities such as commitments, guarantees, provisions, derivative instruments or other liabilities.

Delta Lloyd did not provide financial or other support to unconsolidated structured entities. Nor does Delta Lloyd intend to provide financial or other support to unconsolidated structured entities in which Delta Lloyd has an interest or previously had an interest.

The composition of the structured entities portfolios of Delta Lloyd is widely dispersed looking at the individual amount per entity. This is shown in the following table together with the number of individual entities.

Overview of own risk investments in unconsolidated structured entities

In millions of euros	Number of entities at year-end	Carrying amount at year-end	Number of entities at prior year-end	Carrying amount at prior year-end
EUR 0-10 million	54	170.8	123	279.5
EUR 10-20 million	9	121.5	18	246.4
EUR 20-30 million	1	26.6	3	75.0
EUR 30-40 million	-	-	2	60.7
EUR > 40 million	1	49.5	5	305.9
Total	**65**	**368.5**	**151**	**967.5**

The table below presents the carrying amount of the investments in unconsolidated structured entities at the reporting period, and total income and losses recognised in this period.

Investments in structured entities type - carrying amount, income and losses at year-end

In millions of euros	Total carrying amount debt securities	Interest income	Realised / Unrealised gains and losses	Total income	Losses recognised in profit/loss
Mortgage-backed securitisations (RMBS)	287.1	2.8	-2.8	0.0	-3.5
Asset-backed securities (ABS)	81.4	9.8	-4.0	5.8	-10.5
CDOs and CLOs	-	0.0	-	0.0	-0.6
Total	**368.5**	**12.6**	**-6.8**	**5.8**	**-14.6**

Investments in structured entities type - carrying amount, income and losses at prior year-end

In millions of euros	Total carrying amount debt securities	Interest income	Realised / Unrealised gains and losses	Total income	Losses recognised in profit/loss
Mortgage-backed securitisations (RMBS)	555.6	4.1	13.6	17.7	-5.0
Asset-backed securities (ABS)	404.0	12.4	39.6	52.0	-
CDOs and CLOs	7.9	0.2	0.1	0.3	-17.1
Total	**967.5**	**16.7**	**53.2**	**69.9**	**-22.2**

For the most significant structured entities (2015: > € 20.0 million, 2014: > € 30.0 million), the maximum exposure to loss for Delta Lloyd by type of structured security is presented. The table presents a comparison of Delta Lloyd’s interest with the total assets of those unconsolidated structured entities. The amounts shown as total assets are based on the most current available information.

Maximum exposure to loss by type of structured security and by seniority of interest for significant structured entities at year-end

In millions of euros		Note structure of structured entity (notional values)					
Security name	Type	Subordinated interest	Mezzanine interest	Senior Interest	Most Senior Interest	Total	Delta Lloyd's exposure to loss*
SIENA 2010-7 A3	RMBS	-	924.2	1,666.9	-	2,591.1	49.5
EMAC 2007 0148	RMBS	2.8	45.2	654.9	-	702.8	26.6
Total		**2.8**	**969.4**	**2,321.8**	**-**	**3,293.9**	**76.1**

* Only senior exposure.

Maximum exposure to loss by type of structured security and by seniority of interest for significant structured entities at prior year-end

In millions of euros		Note structure of structured entity (notional values)					
Security name	Type	Subordinated interest	Mezzanine interest	Senior Interest	Most Senior Interest	Total	Delta Lloyd's exposure to loss*
GPPS4.375 01/22	ABS	-	-	1,500.0	-	1,500.0	93.0
GPPS3.75 01/21	ABS	-	-	1,500.0	-	1,500.0	72.9
SIENA 2010-7 A3	RMBS	-	817.6	1,666.9	70.3	2,554.8	53.2
CORDR 4 A2	RMBS	21.5	216.9	738.6	481.6	1,458.6	44.2
ELAN4.691 0517	ABS	-	-	488.3	-	488.3	42.5
BERAB 3 A	RMBS	115.0	93.9	764.5	-	973.4	30.7
EMAC 2007 0148	RMBS	1.3	45.2	438.0	-	484.5	30.0
Total		**137.8**	**1,173.6**	**7,096.3**	**551.9**	**8,959.5**	**366.7**

* Only senior exposure.

For equity and debt securities, loans and receivables, the maximum exposure to loss is the current carrying value of these interests. The maximum exposure to loss does not take into account the effects of any hedging activities of Delta Lloyd designed to reduce that exposure to loss.

Delta Lloyd’s significant investments in structured entities can be classified as senior interests.

The maximum exposure to loss of the significant investments in structured entities is not reduced by any collateral.

4.1.7.16 Derivatives

Delta Lloyd uses derivatives as part of its asset and liability management to hedge financial risks and insurance risks. Financial risk derivatives (e.g. interest, currency, equity and inflation) hedge financial risks in financial assets and liabilities arising from market movements. Insurance derivatives hedge risks with regard to longevity. Derivative financial instruments include foreign exchange contracts, interest rate futures, currency and interest rate swaps, currency and interest rate options (both written and purchased), swaptions and other financial instruments that derive their value mainly from underlying interest rates, foreign exchange rates, commodity values or equity instruments. All derivatives are initially recognised in the statement of financial position at fair value, which usually represents their cost. They are subsequently measured at their fair value through profit or loss. The fair value is measured using the fair value hierarchy as described in section 4.1.7.37 ‘Fair value of assets and liabilities’. Derivatives are carried as assets when fair values are positive and as liabilities when fair values are negative. The notional or contractual amounts associated with derivative financial instruments are not recorded as assets or liabilities on the statement of financial position as they do not represent the potential gain or loss associated with such transactions.

Derivative contracts may be traded on an exchange or over-the-counter (OTC). Exchange-traded derivatives are standardised and include certain futures and option contracts. OTC derivative contracts are individually negotiated between contracting parties and include forwards, swaps, caps and floors.

Fair value hedge accounting

Delta Lloyd uses derivatives to partially hedge the market value risk of certain financial assets due to interest rate movements. Fair value hedge accounting can be used for these derivatives in accordance with IAS 39, provided they have been designated for this and specific conditions are met. The EU carve-out on hedge accounting, which allows for more leniency when calculating hedge effectiveness, has been in use since 1 July 2012 for the banking activities in Belgium, and in the Netherlands since 1 May 2015.

Changes in the fair value of derivatives designated as 'fair value hedges' that meet the set conditions are recognised in the income statement under ‘result from derivatives’.

Changes in the fair value of the hedged assets are disclosed under the same heading, to the extent that those changes relate to the hedged risk. The net effect of this is that only the ineffective part of the hedge influences the result. An adjustment to the carrying value of a hedged financial instrument is amortised and credited or charged to the income statement under ‘result from derivatives’ from the moment the carrying value is first adjusted and during the anticipated remaining life of the hedged instrument.

Derivatives not included in a hedge relationship

Changes in the value of derivatives that are not included in a hedge relationship are taken directly to the income statement and presented separately in the result from derivatives.

Derivatives for own risk at year-end

In millions of euros	Contract / notional amount 2015	Fair value asset 2015	Fair value liability 2015	Contract / notional amount 2014	Fair value asset 2014	Fair value liability 2014
OTC foreign exchange forwards	5,775.8	18.2	27.3	4,695.8	48.4	94.0
Interest rate contracts						
OTC						
Interest rate and currency swaps held for fair value hedge accounting	1,461.3	3.9	174.5	1,596.6	-	183.2
Interest rate and currency swaps not held for fair value hedge accounting	16,037.0	1,456.0	142.4	16,649.0	1,680.7	257.3
Options	2,332.0	44.8	0.8	5,650.0	284.5	9.3
Exchange-traded						
Futures	818.2	-	-	906.5	-	-
Total interest rate contracts	20,648.5	1,504.7	317.8	24,802.1	1,965.2	449.9
Equity/index contracts						
OTC						
Swaps *	3,866.6	-	643.4	2,911.6	0.1	630.5
Options *	232.4	2.1	-	1,236.8	51.9	-
Exchange-traded						
Futures	0.2	-	-	0.2	-	-
Total equity/index contracts	4,099.2	2.1	643.4	4,148.5	52.0	630.5
Longevity derivatives	-	29.0	-	-	35.6	-
Derivatives related to life settlement	-	118.9	-	-	127.7	-
Credit default swaps	473.0	3.1	3.4	673.8	10.4	-
Total	**30,996.5**	**1,675.9**	**991.9**	**34,320.3**	**2,239.3**	**1,174.4**

* Represented, the equity/index swaps are presented separately from the equity/index options for a more clear presentation.

Delta Lloyd has applied an OIS (overnight indexed swap) curve to measure fully cash-collateralised derivatives. The projected cash flows of these derivatives are discounted using the EONIA (euro overnight index average) swap curve, which reflects the fair value of future overnight interest rates and is regarded as the best estimate of a risk-free interest rate.

In June 2015, Delta Lloyd completed a second transaction with Reinsurance Group of America (RGA) to further reduce the longevity risk related to the Dutch life insurance portfolio. The first contract had an entry date of 1 January 2014. This second contract is effective retrospectively from 1 January 2015, and relates to underlying longevity reserves of approximately € 11.0 billion (first contract approximately € 12.6 billion). It will reduce the financial effects should policyholders live longer than expected over the next eight years (respectively six years for the 2014 contract). Both longevity derivatives do not protect against changes in the methodology of future forecast tables or unexpected changes in future mortality rates that occur after the contractual period. At maturity date, RGA will pay the difference between the value of the underlying portfolio based on both the actual mortality (based on an index) during the contract term and its impact on future mortality (commutation mechanism of 80 years for the first and 72 years for the second transaction) and the value of the underlying portfolio based on the current expected mortality. There is a threshold, a minimum reduction of mortality to be achieved in order to receive payment (the attachment point). There is also a limit beyond which no additional payment takes place (detachment point). At this detachment point Delta Lloyd will receive the maximum payoff of € 450.0 million for the first and € 350.0 million for the second transaction. Delta Lloyd and RGA have a memorandum of understanding to roll over both transactions at the end of each contract period.

With regard to the longevity derivatives, the value decreased because of the publication by CBS (Statistics Netherlands) in September 2015 of the realised mortality rates in 2014. The realised mortality rates were higher than expected and therefore the value of the derivatives decreased, as the likelihood of an obligation for the counterparty to pay out on expiration date is therefore reduced. The negative impact on the value of these derivatives in relation to these published mortality rates amounted to € 15.5 million.

For most of the derivative positions the credit risk is nil as they are fully cash-collateralised. The remaining credit risk mainly relates to the fact that Delta Lloyd is the beneficiary owner of life settlement contracts issued by high-rated US insurance companies (through the consolidation of Orca Trust). The value of these contracts is dependent on the value of the life settlement contracts issued and is established by using best estimate principles. These contracts are valued using a fair value market approach at current market rates, which has been validated by an independent external industry expert. Among other risk factors, approximately 200bps of the market rate reflects the credit risk of the underlying insurance carriers.

The result for derivatives held for fair value hedge accounting was € 10.7 million (2014: € -151.2 million). The result on the hedged mortgages arising from the hedged interest rate risk was € -2.9 million (2014: € -17.2 million).

Fair value hedge accounting is applied within the segments Bank and Corporate and Other Activities. Fair value hedge accounting is applied per period and in accordance with the dollar offset method.

4.1.7.17 Loans and receivables

Loans and receivables with fixed maturities, including policyholder loans, issued loans, mortgage loans, securitised mortgages and loans, are recognised on the statement of financial position when cash is advanced to borrowers. Measurement of these loans and receivables, excluding loans initially designated as ‘at fair value through profit or loss’, is based on amortised cost, using the effective interest rate method and taking impairments into account where necessary. To the extent that loans and receivables are not collectible, they are written off as impaired. Any subsequent recoveries are credited to the income statement.

Certain securitised mortgages and derivatives and related financial liabilities are managed on the basis of fair value. Delta Lloyd also evaluates their performance on the basis of fair value, in line with its risk strategy. The securitised mortgages are also recognised as 'financial assets at fair value through profit or loss'. The fair value is measured using the fair value hierarchy as described in section 4.1.7.37 'Fair value of assets and liabilities'.

A financial asset or a group of financial assets carried at amortised cost is considered to be impaired when there is objective evidence of impairment due to events occurring after the date of the initial recognition (a 'loss event'), and when that event has an impact on estimated future cash flows. Objective evidence that a financial asset or a group of assets is impaired includes observable data about the following loss events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or repeated delinquency in payment of interest or principal;
- The lender entering bankruptcy or a financial reorganisation;
- The disappearance of an active market for that specific asset because of financial difficulties;
- Observable data indicating a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified based on the individual financial assets in Delta Lloyd, including adverse changes in the payment status of borrowers of Delta Lloyd and national or economic conditions that correlate with defaults on the assets of Delta Lloyd.

Delta Lloyd first assesses whether objective evidence of impairments exists for financial assets that are individually significant. If there is no objective evidence of impairment for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has occurred on loans and receivables carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. Future credit losses that have been incurred are not taken into account. The impairment is recognised in the income statement. If a financial investment has a variable interest rate, the discount rate for measuring the impairment loss is the current effective interest rate determined in the contract. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related to an event occurring after the impairment was recognised, the previously recognised impairment is reversed and accounted for in the income statement.

Loans and receivables at year-end

In millions of euros	2015	2014
Loans at fair value through profit or loss	5,235.9	5,525.3
Loans and receivables at amortised cost	10,676.9	9,924.4
Total	**15,912.7**	**15,449.7**

A large part of the increase in the line item Loans and receivables at amortised cost in 2015 is caused by the reclassification of savings mortgages from Investments at policy holders' risk, based on an extensive assessment of all contracts relating to savings mortgages. As a result, a part of the savings mortgages portfolio amounting to € 501.5 million was reclassified at year-end 2015.

In the table below the loan to market value (LTMV) of the standard and securitised mortgages is shown. The LTMV is the residual amount compared with the sale value in a private sale with vacant possession. The NHG mortgage portfolio is secured on annuity basis.

Loan to market value at year-end

	2015	2014
NHG < 100%	21%	17%
NHG > 100%	25%	30%
< 70%	13%	11%
70% - 90%	14%	11%
90% - 100%	6%	6%
100% - 110%	6%	6%
110% - 120%	7%	7%
> 120%	8%	11%
Total	**100%**	**100%**

Almost all mortgages relate to residential properties. Of the mortgages granted in 2015, 41.88% (2014: 37.41%) have a loan-to-value ratio that is less than 90%. Dutch mortgages that are guaranteed through the government's national mortgage guarantee scheme ('Nationale Hypotheek Garantie') make up 39.54% (2014: 39.91%) of the portfolio granted in 2015. No new mortgages were granted with a loan-to-value ratio exceeding 103% without the applicant pledging additional collateral. No derivative instruments were contracted to mitigate any credit risk related to mortgage loans for it is Delta Lloyd's opinion that hedging is not required given the relatively small credit risk exposure.

The economic crisis has had substantial consequences for the housing market and for employment. Delta Lloyd commits to proactively helping its customers to prevent and resolve their financial difficulties.

This is in the customer's interest and stems from Delta Lloyd's duty of care to customers in all phases of the mortgage product cycle. Forbearance measures are taken in cases where customers temporarily experience:

- Double housing costs, by offering, under strict conditions, the option to rent out the property;
- The threat of getting into financial difficulty by providing information offering temporary or permanent solutions;
- Financial problems resulting from a permanent decrease in income by restructuring the mortgage.

The maximum exposure on double housing costs is € 41.1 million (2014: € 40.6 million) on a total mortgage portfolio of € 13.3 billion (2014: € 13.2 billion). Delta Lloyd takes a proactive approach toward customers who are likely to get into financial difficulties due to their mortgage product type (securities-based).

The table below provides an overview of the gross carrying amount of loans and receivables of which measures have been taken to diminish financial difficulties of customers, or the risk of financial difficulties.

Overview of forborne assets at year-end

In millions of euros		Performing assets		Non-performing assets			
	Gross carrying amount	Temporary modification	Permanent modification	Temporary modification	Permanent modification	Total forborne assets	Forbearance ratio
Loans and receivables	13,266.1	0.7	6.1	3.0	28.8	38.5	0.3%
Total	**13,266.1**	**0.7**	**6.1**	**3.0**	**28.8**	**38.5**	**0.3%**

Overview of forborne assets at prior year-end

In millions of euros		Performing assets		Non-performing assets			
	Gross carrying amount	Temporary modification	Permanent modification	Temporary modification	Permanent modification	Total forborne assets	Forbearance ratio
Loans and receivables	13,194.5	0.3	2.8	2.3	3.0	8.4	0.1%
Total	**13,194.5**	**0.3**	**2.8**	**2.3**	**3.0**	**8.4**	**0.1%**

Forborne assets are recorded as from 2014. As mortgage loans have a long duration, the total amount of forborne assets is expected to increase because forborne assets of past periods can continuously remain part of the total outstanding balance. Most of the 2014 forborne assets are also included in the balance at year-end 2015. As of 2015, mortgage loans with payment arrears of more than six months which have emerged within the past year are included.

Loans recognised at fair value through profit or loss

Loans recognised at fair value through profit or loss consists mainly of mortgage assets that have first priority mortgage rights. Second ranking mortgages are only granted when the first priority mortgage assets are granted by Delta Lloyd.

Loans at fair value through profit or loss include € 5,106.6 million of mortgages (2014: € 5,386.6 million). Delta Lloyd measures its mortgages at fair value primarily through the use of a bottom-up discount spread. This bottom-up spread is compared with a top-down benchmark and adjusted when the bottom-up spread is outside the benchmark. In 2015, several changes were made in the assumptions of the methodology, including changes in the determination of consumer prices, distribution costs and parameter uncertainty. In addition, changes were made in tender and pipeline risk. The impact of these changes on the net result at year-end 2014 would have been a € 54.2 million loss.

Of the fair value gains and losses on loans at fair value through profit or loss, € 29.0 million (cumulative € -9.3 million) is attributable to changes in credit risk. The change, during the period and accumulated, in the fair value of the loans attributable to changes in the credit risk of the financial asset is determined based on the following method: A comparison between the applied credit spread between year-end 2015 and 2014 was made on instrument level. The credit delta in basis points was multiplied by the basis point value figure.

The revaluation in 2015 of loans recognised at fair value through profit or loss was € 18.6 million (2014: € 62.8 million).

Loans and receivables recognised at amortised cost

Loans and receivables at amortised cost for own risk at year-end

In millions of euros	2015	2014
Loans to policyholders	232.4	197.7
Loans to banks	108.7	161.9
Loans and advances to clients and intermediaries	20.0	18.9
Issued loans	2,156.3	1,738.0
Total loans and advances	2,517.4	2,116.5
Securitised mortgages	1,318.5	2,081.1
Non-securitised mortgages	6,841.0	5,726.8
Total mortgages	8,159.4	7,807.9
Total loans and receivables	**10,676.9**	**9,924.4**
Terms of loans and receivables		
Less than one year	44.4	256.7
More than one year	10,632.5	9,667.7
Total	**10,676.9**	**9,924.4**

In 2015, mortgages for an amount of € 1,029.7 million (2014: € 825.0 million) were granted and an amount of € 902.5 million (2014: € 669.1 million) was redeemed. Amortisation of the fair value of hedged positions was € -0.3 million (2014: € -0.4 million) for ordinary mortgages and € 33.9 million (2014: € 25.3 million) for securitised mortgages making up a total of € 33.7 million (2014: € 24.9 million).

Accumulated impairment of loans and receivables at amortised cost

In millions of euros	2015	2014
At 1 January	61.1	74.3
Impairment charges during the period	27.4	25.6
Reversal of impairment charges during the year	-26.9	-3.7
Irrecoverable	0.0	1.9
Disposals	-6.4	-28.2
Transfer to assets held for sale	-	-8.8
At 31 December	**55.2**	**61.1**

Impairment for the period is part of investment income.

Of the reversals of impairment charges during the year totalling € 26.9 million, an amount of € 14.1 million relates to the liquidation of a participation of Delta Lloyd Vastgoed Ontwikkeling BV. The liquidation of this participation resulted in a repayment on a receivable that was fully impaired.

The gross value of loans on an individual basis on which an impairment loss is recognised is € 110.3 million (2014: € 111.7 million). The impairment recognised on these loans was € 4.7 million (2014: € 3.3 million). Loans which are fully impaired are not taken into account. The value of the collateral relating to these loans was € 103.5 million (2014: € 100.4 million). The collateral is measured mainly on the basis of the original appraisal value when the loan was granted. The collateral consists mainly of mortgaged properties. Collateral for loans that have not been impaired is also mainly made up of mortgaged properties.

Accrued interest on loans and receivables at amortised cost of € 1.0 million (2014: € 1.6 million) was recognised with regard to financial assets subject to individual impairment.

4.1.7.18 Investments at policyholders' risk

Delta Lloyd classifies and measures its investments at policyholders' risk as financial assets at fair value through profit or loss.

Carrying value of financial investments related to unit-linked liabilities at year-end

In millions of euros	2015	2014
Debt securities	4,417.9	4,528.2
Equity securities	9,847.5	9,131.5
Derivatives	154.6	249.5
Receivables and other financial assets	25.8	110.5
Accrued interest and prepayments	58.4	62.1
Cash and cash equivalents	99.8	107.4
Total	**14,604.0**	**14,189.3**
The associated liabilities are:		
Unit-linked contracts classified as insurance contracts	12,591.8	13,145.8
Unit-linked contracts classified as investment contracts	1,358.1	1,024.5
Derivatives liabilities	21.7	16.1
Total	**13,971.6**	**14,186.3**

At year-end 2015 a part of the investments at policy holder's risk amounting to € 501.5 million is reclassified to Loans and receivables at amortised cost see section 4.1.7.17 'Loans and receivables'. This is partly offset by an adjustment in the measurement of the remaining savings mortgages of € 358.7 million. Therefore the total impact of reclassification and measurement is € 142.8 million.

The liabilities relating to unit-linked investments were adjusted to eliminate pension obligations as explained in section 4.1.7.29 'Pension obligations'. Without this elimination, the obligations would be higher than presented.

The difference between the total assets and the associated liabilities is mainly due to the elimination of the Delta Lloyd pension contract at group level and the specific investment funds for own risk that Delta Lloyd Levensverzekering forms for unit-linked clients and seperate Accounts.

4.1.7.19 Third party interests in consolidated investment funds

Delta Lloyd classifies and measures its investments for third parties as financial assets at fair value through profit or loss.

Carrying value of financial investments for third party interests in consolidated investment funds at year-end

In millions of euros	2015	2014
Debt securities	1,669.8	2,182.8
Equity securities	1,619.4	1,679.9
Derivatives assets	0.7	1.6
Receivables and other financial assets	26.5	21.9
Accrued interest and prepayments	22.7	30.1
Cash and cash equivalents	32.1	48.3
Total	**3,371.2**	**3,964.6**
The associated liabilities are:		
Third party interests in consolidated investment funds	3,371.2	3,964.6

4.1.7.20 Receivables and other financial assets

Receivables and other financial assets at year-end

In millions of euros	2015	2014
Receivables from policyholders	534.1	650.1
Receivables from intermediaries	174.0	163.5
Deposits with ceding undertakings	10.2	8.1
Plan assets	20.8	21.6
Other receivables	416.8	285.9
Other financial assets	221.0	507.5
Total	**1,376.8**	**1,636.7**
Expected to be settled within one year	1,175.0	1,612.9
Expected to be settled in more than one year	201.8	23.8
Total	**1,376.8**	**1,636.7**

Concentrations of credit risk regarding receivables are limited due to the size and spread of Delta Lloyd's operations.

See section 4.1.7.1 'Risk management' for an analysis of receivables and other financial assets adjusted for impairments, and an analysis of payment arrears regarding receivables and other financial assets.

For Plan assets see section 4.1.7.29 'Pension obligations'.

The decrease in receivables and other financial assets is partly related to other financial assets as less collateral is held due to lower derivative positions.

Included in the other receivables expected to be settled in more than one year is a deferred payment of € 179.1 million relating to the sale of the private equity portfolio. The amount will be settled in two years.

4.1.7.21 Share capital

The company's ordinary and preference share capital is as follows:

Share capital at year-end

In millions of euros	2015	2014
360,000,000 ordinary shares with a nominal value of € 0.20 each	72.0	72.0
15,000,000 convertible preference shares A with a nominal value of € 0.20 each	3.0	3.0
375,000,000 convertible preference shares B with a nominal value of € 0.20 each	75.0	75.0
Total authorised share capital of the company	**150.0**	**150.0**
228,614,612 ordinary shares with a nominal value of € 0.20 each (2014: 199,330,887 with a nominal value of € 0.20 each)	45.7	39.9
Total issued share capital of the company	**45.7**	**39.9**
The 10,021,495 (2014: 10,021,495) outstanding convertible preference shares A with a nominal value of € 0.20 each are recognised as a convertible loan.	2.0	2.0

Ordinary shares have equal ranking. All the ordinary shares carry the same rights to dividends and other distributions declared, made or paid by the company.

The shares in issue were fully paid-up, and each share gives the bearer the right to cast one vote.

Statement of changes in ordinary shares

In numbers	2015	2014
At 1 January	199,330,887	191,797,530
Issue of shares	19,933,087	-
Stock dividend	9,350,638	7,533,357
At 31 December	**228,614,612**	**199,330,887**

On 30 November 2015, Delta Lloyd announced its intention to launch a rights issue to raise up to € 1.0 billion of additional equity capital. The rights issue is part of a broader plan of management actions and capital measures to ensure Delta Lloyd's solvency position is strengthened as the company transitions into the new Solvency II regime. The rights issue is underwritten by a syndicate of banks for the full € 1.0 billion, subject to customary conditions. Delta Lloyd is calling an Extraordinary General Meeting (EGM) on 16 March 2016 to ask for approval of the rights issue. If approved, Delta Lloyd plans to launch the rights issue shortly thereafter.

Convertible preference shares A

The convertible preference shares A carry a fixed dividend of 2.76%. Fonds NutsOHRA holds all 10,021,495 preference shares A and is entitled to convert these cumulative preference shares A on a one-to-one basis up to 6,510,748 shares per annum. The conversion price is € 30.84 (2014: € 30.94) per ordinary share less € 0.20 (the nominal value of the convertible preference shares A).

Preference shares B

The preference shares B are protective preference shares. The preference shares B have not been issued but there is an option agreement with Stichting Continuïteit Delta Lloyd (see section 3.4 'Corporate governance'), a foundation that is legally and administratively independent of Delta Lloyd. Stichting Continuïteit Delta Lloyd has a call option to acquire protective preference shares B in Delta Lloyd NV for an indefinite period. The maximum to be acquired equals 100% of the share capital in issue in the form of ordinary shares and preference shares A immediately prior to the exercise of the call option, minus one share. This will entitle it to 49.9% of the voting rights after the issuance of such shares.

On acquisition, at least one quarter of the nominal value must be paid up on each preference share B. The call for further payment on preference shares B shall be made pursuant to a resolution of the Executive Board of Delta Lloyd NV. Such a resolution shall be subject to the approval of the Supervisory Board. Delta Lloyd believes that the call option is not material as meant by IAS 1.31 since there is a very small probability of the call option being exercised. In the highly exceptional circumstances in which the call option would be exercised, these preference shares B would, in all probability, be cancelled within a very short time. The option is, therefore, not recognised in the financial statements nor is any additional information presented pursuant to IAS 32 and IAS 39.

4.1.7.22 Earnings per share

The earnings per share as calculated below are based on the number of shares at year-end (basic earnings per share) and on potential shares. Net profit in the following tables is after tax and non-controlling interests.

Earnings per share at year-end

In millions of euros (unless indicated otherwise)	2015	2014
Net profit from continuing operations	128.7	338.7
Net profit from discontinued operations	-0.6	22.5
Net profit (loss) attributable to holders of ordinary shares for calculating the earnings per ordinary share	128.1	361.1
Weighted average number of ordinary shares in issue	219,141,779	195,128,794
Basic earnings per share continuing operations (in euros)	0.59	1.74
Basic earnings per share discontinued operations (in euros)	0.00	0.12
Basic earnings per share (in euros)	**0.58**	**1.85**

Diluted earnings per share at year-end

In millions of euros (unless indicated otherwise)	2015	2014
Net profit (loss) attributable to holders of ordinary shares for calculating the earnings per ordinary share	128.1	361.1
Net profit (loss) attributable to holders of ordinary shares for calculating the diluted earnings per ordinary share	128.1	361.1
Net profit from continuing operations	128.7	338.7
Net profit from discontinued operations	-0.6	22.5
Net profit (loss) attributable to holders of ordinary shares for calculating the earnings per ordinary share	128.1	361.1
Weighted average number of ordinary shares in issue	219,141,779	195,128,794
Effect of conversion rights of preference shares A at year-end	10,021,495	10,021,495
Effect of stock dividend	-	6,827,567
Effect of employee equity compensation plan	599,081	720,009
Diluted weighted average number of ordinary shares	229,762,355	212,697,865
Diluted earnings per ordinary share from continuing operations (in euros)	0.56	1.59
Diluted earnings per ordinary share from discontinued operations (in euros)	0.00	0.11
Diluted earnings per ordinary share (in euros)	**0.56**	**1.70**

The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share. The conversion of share options granted to employees under the Phantom Option Plan will not lead to movements in the number of shares in issue as they are settled in cash, but the conditional shares granted under the Variable Incentive Plan do have a dilutive effect (see section 4.1.7.8 'Employee information'). The terms and conditions for the convertible preference shares A are set out in section 4.1.7.21 'Share capital'.

No other transactions involving ordinary or potential ordinary shares occurred between the reporting date and the signing date of these financial statements.

4.1.7.23 Revaluation reserves

The revaluation reserve only comprises the revaluation of available-for-sale investments including value changes taken to equity less deferred tax liabilities and less any part of the revaluation allocated to the DPF provision.

Statement of changes in revaluation reserves

In millions of euros	2015	2014
At 1 January	534.1	553.0
Gross fair value gains and losses arising in period	-133.5	577.5
Revaluation reserve of subsidiaries sold transferred to income statement	-50.6	-
Revaluation reserve of property sold	-5.2	-
Transfer of available for sale relating to DPF contracts to provisions	88.9	-144.2
Impairment losses transferred to income statement	23.5	29.0
Reversal of impairment losses transferred to income statement	-0.0	-7.3
Realised gains/losses on revaluations of financial instruments available for sale transferred to income statement	-295.4	-274.2
Fair value adjustments associates	-39.5	-82.4
Fair value adjustments due to micro hedge debt securities available for sale	11.2	-40.5
Aggregate tax effect	49.3	-76.7
Transfer within shareholders' funds	-1.0	-
At 31 December	**181.8**	**534.1**

4.1.7.24 Non-controlling interests

Total non-controlling interest of € 253.8 million (2014: € 277.9 million) includes ABN AMRO Verzekeringen for € 243.6 million (2014: € 260.3 million) and Delta Lloyd Dutch Property Fund CV for € 10.1 million (2014: € 17.5 million).

Delta Lloyd Levensverzekering owns 79.6% participations in Delta Lloyd Dutch Property Fund CV, whose principal place of business is Amsterdam, the Netherlands.

Delta Lloyd owns 51% of ABN AMRO Verzekeringen. ABN AMRO Verzekeringen is required to maintain a minimum solvency margin based on local directives. Such restrictions can affect the ability of ABN AMRO Verzekeringen to transfer funds in the form of cash dividends, or repayments of loans or advances, and therefore, there can be no assurance that these restrictions will not become a limitation in the future.

ABN AMRO Verzekeringen’s principal place of business is Zwolle, the Netherlands.

Summarised statement of financial position of ABN AMRO Verzekeringen Holding BV before intercompany eliminations

In millions of euros	2015	2014
Current assets	107.2	171.4
Non-current assets	5,898.4	5,848.4
Total assets	6,005.6	6,019.8
Current liabilities	149.0	199.9
Non- current liabilities	5,359.4	5,288.7
Total liabilities	5,508.4	5,488.5
Net assets	**497.2**	**531.3**

Summarised financial information of ABN AMRO Verzekeringen Holding BV with a material amount of non-controlling interests before intercompany eliminations at year-end

In millions of euros	2015	2014
Revenue	676.7	1,049.0
Profit or loss	26.6	94.4
Other comprehensive income	0.7	13.5
Total comprehensive income	27.3	107.9

Statement of changes in accumulated non-controlling interest ABN AMRO Verzekeringen Holding BV

In millions of euros	2015	2014
At 1 January	260.3	282.3
Profit/loss allocated to non-controlling interest during the year	13.1	46.3
Dividends paid to non-controlling interest	-30.1	-74.9
Other comprehensive income	0.3	6.6
At 31 December	**243.6**	**260.3**

4.1.7.25 Insurance liabilities

In accordance with IFRS 4 ‘Insurance contracts’ all insurance and DPF investment contract liabilities are recognised on the basis of local pre-IFRS accounting policies with certain adjustments allowed under IFRS. Delta Lloyd uses the Collateralised AAA curve as market interest rate to measure the insurance liabilities for most of its products. In 2015 the insurance liabilities of Delta Lloyd Deutschland were transferred to Athene Holding LTD. These insurance liabilities were reclassified to the held for sale category at year-end 2014 (see section 4.1.7.5 ‘Discontinued operations and assets and liabilities held for sale’).

The Collateralised AAA curve is defined as the higher of the DNB SWAP curve and a yield curve derived from collateralised AAA euro area bonds. Since 30 June 2013, Delta Lloyd has adjusted the extrapolating method of the Collateralised AAA curve by using an ultimate forward rate (UFR) because the long end of the Collateralised AAA curve had been comprised over a longer period on a very limited number of constituents. The yield-curve is extrapolated using the Smith-Wilson method after the last liquid point. The last liquid point is 20 years, the convergence period 40 years and an UFR of 4.2% on 31 December 2015 (unchanged since 30 June 2013). Each reporting period Delta Lloyd assesses whether the long end of the curve can be derived from sufficient observable market inputs. If that is the case, Delta Lloyd will cease to apply the extrapolation approach and will use the collateralised AAA euro area bonds curve for the long end of the curve. If no sufficient relevant observable market inputs are available, Delta Lloyd will continue to estimate current market interest rate using the described extrapolation approach while reassessing the parameters used. Each reporting date, Delta Lloyd assesses whether the used extrapolation method is still acceptable as ‘current market interest’ under IFRS. Based on this assessment, Delta Lloyd considers the Collateralised AAA curve including extrapolation to an UFR of 4.2% a sufficient representation of current market interest rate at year-end 2015.

Delta Lloyd applies a method and assumption setting cycle (MASC). In this cycle, all methods and assumptions used to determine provisions and the liability adequacy tests are adjusted and validated.

Life insurance business

The actuarial valuation of liabilities arising under life insurance contracts involves discounting of expected premiums and benefits payments. Delta Lloyd generally uses the net premium method. Under the net premium method, the premium taken into account in calculating the provision is determined actuarially using policies on discount rates, mortality and disability. The difference between this net premium and the actual premium received provides a margin for expenses. This method does not allow for voluntary early termination of the contract by the policyholder. Explicit provision is made for vested bonuses, including those vesting contractually following the most recent investment valuation. No such explicit provision is made for the majority of future annual terminal bonuses.

Profit sharing in the Netherlands is non-discretionary and the timing and/or level thereof is based on an external standard (such as the U-return). In contrast, profit sharing in Belgium is discretionary. In Germany, profit sharing is based on realised interest income and the underwriting result.

Provisions are also formed for the longevity risk associated with certain types of individual and group life insurance contracts as the original life expectancy assumptions are no longer prudent. At the end of 2014 and 2015, the longevity provision was valued on the basis of AG2014, the most recent mortality table published by the Dutch Society of Actuaries (Actuarieel Genootschap). The AG2014 mortality table is adjusted for mortality experience, based on observed differences between mortality in the Delta Lloyd portfolio compared to the mortality in the entire population as observed by CBS. Furthermore, an explicit risk margin is included in the longevity provision.

Life insurance business provisions are calculated separately for each life operation, based on local generally accepted interest rates and published standard mortality tables for different categories of business as appropriate. The provisions are based on assumptions including a margin for prudence. The assumptions used in the calculations and any estimated margin for prudence depend on the specific situation of the entities involved. The provision for guaranteed benefits for participating insurance contracts is calculated, like all other insurance provisions, in accordance with prevailing actuarial principles using a deterministic approach and a prudent set of valuation assumptions. Other options in insurance contracts (including guarantees in unit-linked contracts) are measured stochastically at fair value. Related changes in value are recognised through profit or loss.

Unit-linked contracts and separated accounts (GSB), which are classified as insurance contracts, are valued based on the same principles as those used to measure the investments on behalf of policyholders. Any additional provisions that are needed to cover mortality risks or guaranteed surrender values are included in the insurance provisions where the insurer carries the investment risk. If the policyholder carries the investment risk, stochastically measured minimum return guarantees are recognised in the insurance provision.

The liability adequacy test is performed to ensure the total insurance liabilities are sufficient: in other words, the insurance liabilities recognised in the statement of financial position must be higher than the best estimate of the insurance liabilities plus the risk margin. The liability adequacy test for life insurance business provisions is conducted on each reporting date; losses will be recognised in the income statement when they occur. The adequacy test is established taking into account explicit best estimate assumptions for future profit sharing, discount rates, mortality and disability, early termination of the contract by the policyholder and future expenses. It also takes into account the risk margin and time value of options and guarantees in the insurance contracts. The test considers current estimates of all contractual and related cash flows, such as administration costs, as well as cash flows resulting from embedded options and guarantees.

Embedded derivatives (such as options and guarantees) are measured at fair value. The 'best estimate' provision (including the intrinsic value and time value of options and guarantees) is increased by a risk margin for unhedgeable insurance risks, based on a 4% (2014: 4%) cost of capital approach.

The test is performed for each portfolio component at company level. The portfolio components are classified as 'group' and 'individual', and then broken down into ‘traditional' and 'unit-linked'. Traditional is broken down further into participating and non-participating contracts. Unit-linked is broken down further into contracts with and without guarantee.

An additional test is conducted at group level, which takes into account the unhedgeable financial risks. Financial risks are defined as risks that Delta Lloyd is exposed to as a whole, including credit, equity, investment property, interest, inflation and currency risk, insurance risks and liquidity and capital management.

If the tests performed at business level or at group level show that the provision is inadequate, the entire deficiency is charged to the income statement. When the provision in the Netherlands and Germany becomes adequate again, no release is made to the income statement. In Belgium, the adequacy test is leading.

General insurance business

Claims provisions for general insurance are based on the estimated ultimate cost (including claims-handling expenses) of all claims incurred but not settled at the reporting date, whether reported or not. The outstanding claims provisions are continually refined as part of a regular ongoing process as claims experience develops, losses are settled and further losses reported. Movements in provisions are taken to the income statement. The provision required for benefit payments for individual occupational disability class B (post first-year risk) and WIA/WAO was established using best estimate principles. The benefit provision is the discounted fair value of expected future cash flows including recovery and mortality probabilities. Outstanding claims provisions include a margin for prudence. According to Delta Lloyd guidelines, each business unit's margin for prudence must ensure that the level of adequacy for the majority of the general insurance business provisions (except disability contracts) is within a set range.

The majority of the general insurance provisions are valued on an undiscounted basis. The provision for disability is valued on a discounted basis based on the Collateralised AAA curve.

For general insurance, the proportion of written premiums, gross of commission payable to intermediaries, attributable to subsequent periods, is deferred in a provision for unearned premiums. Changes in this provision are taken to the income statement during the risk period in question to ensure the premium reflects the insured risk throughout the policy period. An additional premium reserve, the unexpired risk reserve, is formed for contracts with a lower premium compared to the actuarial required premium, if no compensation is available in premium surplus within other products for segments property and casualty, and disability respectively.

The liability adequacy test for the total provisions tests whether the total provision recognised in the statement of financial position is greater than the best estimate of the provision, including a risk margin based on a 4% (2014: 4%) cost of capital. If positive, the difference between these two amounts is called the prudence margin in the total provision. The ultimate level of outstanding claims provision is estimated by using a range of standard actuarial claims projection techniques. The main assumption underlying these techniques is that past claims development experience can be used to project future claims development and hence the ultimate cost of claims. Premium provisions are tested against a best estimate based on the expected combined operating ratio.

For property and casualty products and accident and absenteeism products, the claims provision is tested against a lower and upper boundary. Any deficit with respect to the lower boundary or any margin against the upper boundary is taken to the income statement. For disability products the adequacy is tested against a lower boundary based on a 4% (2014: 4%) cost of capital.

Delta Lloyd is subject to various periodic insurance-related assessments or guarantee fund levies. Provisions related to these are established when there is a present obligation (legal or constructive) resulting from a past event. Such amounts are not included in insurance liabilities but are disclosed under section 4.1.7.30 'Provisions for other liabilities', except for provisions for the Dutch Vehicle Insurers' Guarantee Fund (Waarborgfonds der Motorrijtuigenverzekeraars), which are part of the IBNR.

Insurance liabilities at year-end

In millions of euros	Life	General	Total
Discretionary participating contracts	4,024.2	-	4,024.2
Non-discretionary participating contracts	3,137.5	-	3,137.5
Unit-linked non-participating contracts	12,591.8	-	12,591.8
Other non-participating contracts	23,996.2	-	23,996.2
Outstanding claims provisions	-	1,358.2	1,358.2
Provision for claims-handling expenses	-	64.7	64.7
Provision for claims incurred but not reported	-	399.0	399.0
Provision for unearned premiums	-	218.3	218.3
Total	**43,749.6**	**2,040.3**	**45,789.9**

Insurance liabilities at prior year-end

In millions of euros	Life	General	Total
Discretionary participating contracts	3,901.3	-	3,901.3
Non-discretionary participating contracts	4,097.7	-	4,097.7
Unit-linked non-participating contracts	13,145.8	-	13,145.8
Other non-participating contracts	22,347.2	-	22,347.2
Outstanding claims provisions	-	1,421.5	1,421.5
Provision for claims-handling expenses	-	63.3	63.3
Provision for claims incurred but not reported	-	466.7	466.7
Provision for unearned premiums	-	218.9	218.9
Total	**43,492.0**	**2,170.4**	**45,662.4**

Part of the reclassification of the discretionary participating contracts (€ 4.5 billion) of Delta Lloyd Deutschland to the held for sale category in 2014 was incorrectly adjusted in the other non-participating contracts. Prior year figures have been adjusted.

Movements

Life insurance business

The movements in the Life provisions were as follows:

Statement of changes in life insurance business provisions

In millions of euros	2015	2014
At 1 January	43,492.0	42,062.0
Provisions in respect of new business	939.1	929.3
Expected change in existing business provisions	-977.0	-1,153.1
Movement in longevity provision	97.3	410.7
Variance between actual and expected experience	-122.3	686.3
Effect of operating assumption changes	93.5	12.0
Effect of economic assumption changes	-68.2	5,275.7
Other movements recognised as expense	-87.3	-40.6
Change in liability recognised as expense	-125.0	6,120.3
Other movements not recognised as expense	382.6	129.1
Reclassified as liabilities relating to assets held for sale	-	-4,819.3
At 31 December	**43,749.6**	**43,492.0**

The expected change in existing business provisions and the variance between actual and expected experience relate to the claims, interest and portfolio developments.

The movement in the longevity provision for Delta Lloyd Levensverzekeringen is mainly due to the impact of the adjustment to the calculation method of the non-hedgeable operational risk as part of the risk margin.

The changes in the operating assumptions are a result of effects from the MASC process in the third quarter of 2015. These effects include assumption updates with regard to lapses, mortality and expenses. In the MASC, assumptions have been updated with a new year of experience.

The changes in economic assumptions are mainly the result of the effect of interest rate movements reflected in the Collateralised AAA curve, on which many of the provisions are based (see section 4.1.7.28 ‘Effect of changes in assumptions and estimates on provisions for insurance and investment contracts’). The related effect of changes in market interest rates lowered insurance provisions by € 54.8 million (2014: increase € 5,422.8 million). The movements in the provisions for interest rate guarantees on unit-linked and segregated funds are also included in the economic assumption changes. The movements in the provision for the unit-linked portfolio, due to changes in the underlying investments, are recognised as expected change in existing business provisions and the variance between actual and expected experience.

Other movements recognised as expenses of € -87.3 million (2014: € -40.6 million) mainly relate to the MASC effect from an adjusted profit sharing policy, model improvement and a product conversion at Delta Lloyd Life Belgium.

The other movements not recognised as expenses relate to a revaluation of the savings mortgages at ABN AMRO Levensverzekering.

General insurance business

The movements in the claims provisions were as follows:

Statement of changes in general insurance provisions

In millions of euros	2015	2014
At 1 January	2,170.4	2,278.8
Premiums written during the year	1,354.7	1,336.7
Premiums earned during the year	-1,355.3	-1,375.0
Release of unexpired risk reserve	-	-21.6
Other gross movements	-	-5.1
Movement in premium provision recognised as expense	-0.6	-64.9
Effect of changes in operational assumptions	-21.5	-27.2
Effect of changes in economic assumptions	-1.3	78.4
Claim losses and expenses incurred in the current year	901.0	905.8
Movement in anticipated claim losses and expenses incurred in prior years	-17.6	-11.6
Incurred claims losses and expenses	860.6	945.4
Payments made on claims incurred in the current year	-439.6	-427.1
Payments made on claims incurred in prior years	-542.6	-567.0
Recoveries on claim payments	12.0	11.2
Claims payments made in the year, net of recoveries	-970.1	-982.9
Movement in claims provision recognised as expense	-109.6	-37.5
Increase in provision due to passage of time recognised as expense	4.3	11.0
Transfer of liabilities to third party	-24.1	-
Other gross movements	-0.2	-16.9
At 31 December	**2,040.3**	**2,170.4**

The provision for unearned premiums remained stable from 2014 to 2015.

The change in economic assumptions relates to movements in the Collaterised AAA curve. The effect of changes in operational assumptions is caused by MASC impacts, mainly in disability and illness products.

The run-off result on the line Movement in anticipated claims losses and expenses incurred in prior years is positive and improved compared to 2014.

In 2015, the liability of the Beurs-Volmacht portfolio of € 24.1 million was transferred to a third party.

Loss development table

The following table presents the development of gross cumulative incurred claims for the accident years 2006 to 2015. Part of these incurred claims is reinsured, but adjusting for reinsured claims will not impact the development pattern significantly.

Loss development gross of reinsurance

In millions of euros	All prior years	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
At end of accident year		785.1	825.7	896.5	971.3	1,000.0	1,018.6	1,139.5	1,031.8	925.8	915.2	
One year later		689.6	770.5	920.1	950.1	1,014.2	1,114.1	1,149.3	1,082.7	966.4	-	
Two years later		701.8	782.2	902.0	936.7	1,019.6	1,109.9	1,121.2	1,076.7	-	-	
Three years later		673.9	776.5	898.9	918.6	1,021.3	1,073.2	1,094.0	-	-	-	
Four years later		680.4	773.8	913.2	926.1	1,020.0	1,063.7	-	-	-	-	
Five years later		674.1	778.1	928.4	931.9	1,010.1	-	-	-	-	-	
Six years later		688.1	785.3	941.5	920.9	-	-	-	-	-	-	
Seven years later		675.6	788.4	935.6	-	-	-	-	-	-	-	
Eight years later		673.8	782.0	-	-	-	-	-	-	-	-	
Nine years later		680.0	-	-	-	-	-	-	-	-	-	
Estimate of cumulative claims		680.0	782.0	935.6	920.9	1,010.1	1,063.7	1,094.0	1,076.7	966.4	915.2	
Cumulative payments		647.6	734.7	860.1	845.6	899.7	923.9	898.2	812.6	672.1	431.8	
Total	156.7	32.4	47.3	75.5	75.3	110.3	139.7	195.9	264.1	294.3	483.4	1,875.0
Effect of discounting	-7.5	-1.0	-2.0	-2.9	-2.4	-3.6	-3.4	-5.6	-7.6	-8.4	-8.5	-53.1
Current value	149.2	31.4	45.4	72.6	72.9	106.7	136.3	190.3	256.4	285.9	474.9	1,822.0
Unearned premium and unexpired risk reserve												218.3
Value recognised in balance sheet												**2,040.3**

The table below includes information on asbestos and environmental pollution (A&E) claims provisions for business written before 2006. The uncertainty inherent in A&E claims provisions is largely due to the extremely long latency period, uncertainties in the cover and claims costs, the limited availability of data and uncertainties in the surrounding completeness and accuracy of the data. The A&E cumulative payments and claim reserves are shown separately in the following table.

Asbestos and environmental pollution loss development table at year-end

In millions of euros	Cumulative payments	Claims reserves	Estimate of cumulative claims
2006	16.1	57.8	74.0
2007	20.3	53.2	73.5
2008	21.1	56.8	77.9
2009	22.6	55.8	78.4
2010	25.0	50.2	75.2
2011	27.8	49.4	77.2
2012	34.5	39.4	73.8
2013	39.5	37.8	77.3
2014	41.2	36.3	77.4
2015	56.3	16.5	72.8

There is a provision of € 16.5 million (2014: € 36.3 million) for the exposure to claims associated with asbestos-related diseases. The provisions were estimated by claims handlers on a case-by-case basis. A provision was also made for future asbestos-related claims. Claims development is monitored periodically. Asbestos and environmental pollution contracts have not been reinsured. The transfer of the Beurs-Volmacht portfolio transferred a substantial part of the outstanding asbestos related claims. This transfer can be seen in the increased cumulative payments and decreased claims reserves in 2015.

4.1.7.26 Reinsurance assets

Delta Lloyd assumes and cedes reinsurance in the normal course of business, with retention limits varying according to the type of insurance contract. Reinsurance assets assumed are recognised in the same way as direct business, reflecting the product classification of the reinsured business. The cost of reinsurance relating to insurance contracts is accounted for over the life of the underlying reinsured policies, based on assumptions consistent with those used to account for the original policies.

Reinsurance assets primarily include amounts receivable from reinsurance companies on ceded reinsurance. In the case of life insurance, this is mainly non-proportional reinsurance relating to group contracts while for general insurance it relates primarily to excess of loss. Amounts recoverable from reinsurers are calculated in a manner that is consistent with the insurance provisions or the settled claims associated with the reinsured policies and in accordance with the relevant reinsurance contract. Reinsurance assets included in life insurance business provisions were not measured on the basis of market interest rates, but on the basis of fixed interest rates.

If a reinsurance asset is impaired, Delta Lloyd reduces the carrying amount accordingly and recognises that impairment loss in the income statement.

Reinsured share in provisions at year-end

In millions of euros	2015	2014
Life	392.2	423.5
General	169.9	226.0
Total	**562.1**	**649.5**

The net provision is calculated by deducting reinsured business included in provisions from the gross provision.

Gross provisions, reinsurers' share and net provisions at year-end

In millions of euros	Gross insurance provisions 2015	Reinsurance assets 2015	Net 2015	Gross insurance provisions 2014	Reinsurance assets 2014	Net 2014
Discretionary participating contracts	4,024.2	18.1	4,006.2	3,901.3	16.3	3,885.0
Non-discretionary participating contracts	3,137.5	5.6	3,131.9	4,097.7	5.2	4,092.5
Unit-linked non-participating	12,591.8	0.0	12,591.8	13,145.8	-	13,145.8
Other non-participating	23,996.2	368.6	23,627.6	22,347.2	402.1	21,945.2
Life provisions	43,749.6	392.2	43,357.4	43,492.0	423.5	43,068.5
Outstanding claims provisions	1,358.2	129.8	1,228.5	1,421.5	178.9	1,242.6
Provision for claims-handling expenses	64.7	0.1	64.7	63.3	-	63.3
Provision for claims incurred but not reported	399.0	33.4	365.6	466.7	40.2	426.5
Provision for unearned premiums	218.3	6.7	211.6	218.9	6.8	212.1
General provisions	2,040.3	169.9	1,870.4	2,170.4	226.0	1,944.4
Total	**45,789.9**	**562.1**	**45,227.9**	**45,662.4**	**649.5**	**45,012.9**

Part of the reclassification of the discretionary participating contracts (€ 4.5 billion) of Delta Lloyd Deutschland to the held for sale category in 2014 was incorrectly adjusted in the other non-participating contracts. Prior year figures have been adjusted.

The movements in reinsurance assets during the year were as follows:

Statement of changes in life insurance reinsurance assets

In millions of euros	2015	2014
At 1 January	423.5	441.4
Assets in respect of new business	0.6	0.4
Expected movement in existing business assets	-28.9	-3.6
Variance between actual and expected experience	-3.1	-9.6
Other movements	0.0	0.4
Movements reinsurance assets recognised as income	-31.4	-12.4
Other movements not recognised as expense	0.1	-2.0
Reclassified as liabilities relating to assets held for sale	-	-3.5
At 31 December	**392.2**	**423.5**

Statement of changes in general insurance reinsurance assets

In millions of euros	2015	2014
At 1 January	226.0	112.7
Reinsurers' share in the year	102.8	272.4
Reinsurers' share of premiums earned during the year	-103.0	-272.4
Movements in provision for unearned premiums	-0.2	-
Effect of changes in assumptions	0.2	0.2
Reinsurers' share of claim losses and expenses incurred in current year	44.0	66.2
Reinsurers' share of claim losses and expenses incurred in prior years	-10.6	137.2
Reinsurers' share of claim losses and expenses incurred	33.5	203.6
Reinsurance recoveries received on claims incurred in current year	-9.8	-32.6
Reinsurance recoveries received on claims incurred in prior years	-76.4	-54.9
Reinsurance recoveries received in the year	-86.2	-87.5
Movements in reinsurance assets recognised as income	-52.7	116.2
Other movements	-3.2	-2.8
At 31 December	**169.9**	**226.0**

The reinsurance assets decreased by € 56.1 million, which is mainly caused by the run-off on the International Marine Business (transferred to a reinsurer in 2014).

4.1.7.27 Liabilities for investment contracts

Investment contracts are those that do not transfer significant insurance risk from the contract holder to the risk bearer and are therefore treated as financial instruments.

Liabilities for discretionary participating investment contracts

Liabilities for discretionary participating investment contracts are measured using the same accounting policies as life insurance contracts.

Liabilities for non-participating investment contracts

Liabilities for non-participating investment contracts are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Liabilities for unit-linked contracts

For unit-linked investment contracts, the value of the liability equals the fair value of the investments, plus a provision, if required, for guaranteed returns. A deferred acquisition costs and a deferred income reserve liability are recognised for transaction costs and front-end fees respectively. These relate to the management of investments and are amortised systematically over the contract term.

Investment contract liabilities at year-end

In millions of euros	2015	2014
Discretionary participating policies (fair value)	4,481.6	4,645.6
Non-participating investment contracts (amortised cost)	464.8	484.1
Unit-linked contracts (fair value)	1,358.1	1,024.5
Total	**6,304.5**	**6,154.3**

The total interest expense on discretionary participating investment contracts was € 111.2 million (2014: € 110.4 million). The discretionary participation feature of participating business concluded by Delta Lloyd Life Belgium is recognised separately from the guaranteed element and is classified as a separate liability within discretionary participating policies referred to as unallocated distributable surplus.

Statement of changes in investment contract liabilities

In millions of euros	2015	2014
At 1 January	6,154.3	4,817.0
Provisions in respect of new business	171.0	100.4
Expected change in existing business provisions	267.5	181.4
Variance between actual and expected experience	-165.1	-32.9
Effect of changes in assumptions	-0.9	874.1
Other movements	-122.3	-0.7
Changes in group	-	215.0
At 31 December	**6,304.5**	**6,154.3**

In 2014 the savings value of BeFrank was included. The inclusion of BeFrank led to an increase in the provision in respect of new business and expected change in existing business provision. The effect of changes in assumptions is limited compared to last year, as the effect of the market interest rate is only € -12.4 million (2014: € 897.1 million). For further details on the movements and impact of changes in assumptions see section 4.1.7.28 'Effect of changes in assumptions and estimates on provisions for insurance and investment contracts'.

The other movements show a decrease of € -122.3 million (2014: € -0.7 million). These movements relate to the MASC effect from the change in profit sharing and adjustments in the calculation of the non-hedgeable operational risk as part of the risk margin both for discretionary participating policies (fair value) at Delta Lloyd Life Belgium. The change in profit sharing relates to the alignment of future profit sharing with the updated profit sharing policy and to neutralise profit sharing in certain projected scenarios.

4.1.7.28 Effect of changes in assumptions and estimates on provisions for insurance and investment contracts

Determining the technical provision for life and general insurance contracts is dependent on the accounting policies and assumptions used. Changes in assumptions and estimates will directly affect the technical provision and have an indirect impact on the result.

The effect on the result is shown in the table below:

Effect of changes in assumptions and estimates on provisions for insurance and investment contracts

In millions of euros	Effect on result 2015	Effect on result 2014
Life insurance contracts		
Interest rate/price movements	58.2	-5,661.9
Expenses	45.5	10.8
Lapse rate	-91.5	-21.7
Mortality risk for life insurance contracts	-138.8	62.4
Other	6.0	-2.3
Investment contracts		
Interest rate/price movements	-3.3	-891.2
Expenses	58.5	12.3
Lapse rate	-36.5	4.3
Mortality risk for investment contracts	-0.4	-1.7
Other	-17.4	2.3
General insurance contracts		
Change in discount rate assumptions	1.3	-78.4
Change in expense ratio assumptions	-10.2	-7.3
Change in loss ratio assumptions	32.4	34.5
Total	**-96.3**	**-6,537.9**

Section 4.1.7.25 'Insurance liabilities' addresses the effect of changes in economic assumptions on insurance provisions. This differs from the effect of movements in interest rates/prices. The interest rate effect on the result involves the consequences of movements during the year in the Collateralised AAA curve.

The impact on result of the movement in the Collateralised AAA curve in 2015 was € 54.8 million (2014: € -5,422.8 million) of life insurance contracts and € 12.4 million (2014: € -897.1 million) of investment contracts. These effects, and the effect of interest rate changes in particular, are partly offset by movements in the investment portfolio resulting from changes in market interest rates. The result will be affected primarily by differences in volumes and maturities.

The changes in assumptions and estimates for insurance contracts and investment contracts are a result of:

- Adjustments to explicit expense (effect Delta Lloyd Life Belgium: € 104.0 million), lapse (effect Delta Lloyd Life Belgium: € -113.6) million, mortality assumptions (effect Delta Lloyd Life Belgium: € -30.6 million) and assumptions on the risk margin in Delta Lloyd Life Belgium's adequacy test.
- Adjustment to mortality assumptions and the effect of including the operational risk in the risk margin on the basis of the Standard Formula method instead of the Internal Model method in the longevity provision of Delta Lloyd Levensverzekering.
- Delta Lloyd Levensverzekering adjusted the lapse rate for the individual and collective portfolios, related to the guarantee provisions.

The change in discount rate assumptions in general insurance relates to the movements of the Collateralised AAA curve.

The change in loss ratio assumption is mainly due to favourable claims realisations and the use of more recent tariff principles.

4.1.7.29 Pension obligations

Delta Lloyd operates a number of defined benefit and defined contribution plans in all countries in which it operates. The assets of these are generally held in separate investment deposits. To finance the pension plans, contributions are paid by the relevant subsidiaries and employees.

For defined benefit plans, the pension expenses and obligations are assessed using the projected unit credit method. The cost of providing pensions is charged to the income statement to spread the regular cost over the service life of employees, in accordance with actuarial calculations. Additionally, the pension cost includes the interest cost and expected return on plan assets. The pension obligation is measured as the present value of the estimated future outflows using a discount rate based on market yields for high-quality corporate bonds. The net asset or liability in the statement of financial position is the difference between the liabilities and the qualified plan assets at fair value. These assets are held by a fund that is legally separate from Delta Lloyd, with the exception of non-transferable financial instruments issued by Delta Lloyd. They may only be used to pay employee benefits; they may not be used to meet any other obligations of Delta Lloyd. Actuarial gains and losses are recognised in other comprehensive income. In the Netherlands, Delta Lloyd Pensioenfonds has reinsured most of its pension obligations with Delta Lloyd Levensverzekering. As a result, the related investments do not qualify as plan assets. To avoid double stating the assets and liabilities, the insurance liabilities and the associated cash flows have been eliminated.

For defined contribution plans, Delta Lloyd pays contributions to collective or individually administered pension plans. Once the contributions have been paid Delta Lloyd, as an employer, has no further payment obligations. Delta Lloyd’s contributions are charged to the income statement.

Pension obligations

Delta Lloyd has a number of pension plans in the countries where it operates, whose members are entitled to defined benefit pensions. The main defined benefit plan is in the Netherlands and is held by a separate foundation, Delta Lloyd Pensioenfonds, which has reinsured its pension obligations with the subsidiary Delta Lloyd Levensverzekering. In the insurance agreement Delta Lloyd Levensverzekering guarantees the payment of the vested nominal pensions. The agreement has been renewed for one year until 1 January 2017. Delta Lloyd is in consultation for the implementation of a new pension scheme in the Netherlands from 2017. Delta Lloyd Pensioenfonds has no employees and is governed by members representing Delta Lloyd NV (employer), its employees and pensioners. The board members have the full power and discretion to administer the plan, including developing and monitoring the investment policy. In January 2013, Delta Lloyd Pensioenfonds decided to split its investment portfolio. The portfolio is still reinsured at Delta Lloyd Levensverzekering to an aimed coverage ratio of 105%. Since January 2013, the amount above this aimed coverage ratio is invested for own risk of Delta Lloyd Pensioenfonds. At year-end 2015, investments of € 48.4 million were transferred into Delta Lloyd Pensioenfonds (2014: € 29.5 million transferred out of Delta Lloyd Pensioenfonds). The current IFRS coverage ratio, calculated as investments divided by defined benefit obligation, is 123% (year-end 2014: 120%). Delta Lloyd Levensverzekering guarantees a minimum solvency level of 100%.

The figures include provisions to meet other post-retirement obligations to staff.

There were no significant contributions outstanding or prepaid in the past two years.

Details of the significant defined benefit plans

The measurement of the defined benefit plans is based on the most recent actuarial valuations, which were updated to assess the liabilities of the significant plans on 31 December 2015.

The principal features of the current plan in the Netherlands are as follows:

- From 1 January 2014, the main pension plan is based on average pay and a retirement age of 67 years (employees are expected to retire from the company between 65 and 67). Pension contributions are determined on 1 January of each year and based on the hourly wage of the employee (including holiday pay and a '13th month') multiplied by the number of contract hours. From 1 January 2015, the pension entitlements per service year are 1.875% (2014: 2.15%) of the employee's pension base.
- Delta Lloyd is not obliged to make additional contributions in relation to any indexation after 1 January 2011. The pension fund will only apply indexation on the basis of investment returns made by the fund.
- The average weighted duration of the pension obligation is 20.2 years; a decrease compared to last year (2014: 20.8 years), mainly due to the increase in the discount rate.

The pension obligations relating to the defined pension entitlements will be increased to the level of the investments if there is a surplus. The surplus accrues to members and is to be used for indexation purposes. The pension and post-retirement obligations of Delta Lloyd are therefore equal to the pension plan assets at the reporting date. Based on the actuarial valuations set out below, the provision for pension and post-retirement obligations was increased by € 532.0 million (2014: € 480.0 million). Details of the main defined benefit plans are shown below. Where plans provide both defined benefit and defined contribution pensions, the assets and liabilities shown only relate to defined benefit pensions. The mortality table used for the Dutch pension plan from 31 December 2014 onwards is the AG2014 mortality table, taking into account the 'Delta Lloyd Levensverzekering experience adjustment'.

Main financial assumptions used to calculate defined benefit obligations

In percentages	Netherlands 2015	Netherlands 2014	Belgium 2015	Belgium 2014
Inflation rate	1.60%	1.55%	0.4%-1.55%	0.2%-1.45%
General salary increases	1.70%+merit	1.65%+merit	0.5%-1.65%+merit	0.3%-1.55%+merit
Pension increases active members	1.10%	1.20%	0.00%	0.00%
Pension increases inactive members	1.00%	1.15%	1.1%-1.55%	0.95%-1.45%
Discount rate	2.25%	2.15%	0.05%-2.1%	0.25%-2.0%

Delta Lloyd Pensioenfonds' investment policy is aimed at maintaining a balanced portfolio. This limits the risk of underfunding that arises from the selected asset mix. The composition of the investments is considered to be the most important mechanism to optimise the revenue and risk structure of the pension fund. The investments are managed by the asset managers of Delta Lloyd, who are constrained to mandates. The composition of the portfolio is regularly evaluated and will be adjusted when it appears the revenue and risk structure are no longer adequate.

The expected rate of return on plan assets equals the discount rate used to calculate the pension obligation (see table above).

The defined benefit obligation recognised in the statement of financial position can be reconciled to the actual defined benefit obligation at year-end as follows:

Defined benefit obligation recognised in the statement of financial position

In millions of euros	2015	2014
Net defined benefit liability	2,479.8	2,592.5
Net defined benefit liability related to Delta Lloyd Deutschland classified as discontinued operations	-	62.2
Other post-retirement benefits related to Delta Lloyd Bank Belgium classified as held for sale	-	3.4
Net pension obligation recognised in statement of financial position	**2,479.8**	**2,658.1**
Recognised in plan assets	20.8	21.6
Recognised in pension obligation	2,501.6	2,616.1
Recognised in liabilities relating to assets held for sale	-	65.6
Other post-retirement schemes	-1.1	-2.0
Net pension obligation recognised in statement of financial position	**2,479.8**	**2,658.1**

Plan assets are presented under Receivables and other financial assets in the statement of financial position (see also section 4.1.7.20 ‘Receivables and other financial assets’). Other post-retirement schemes includes other long-term employee benefits for the Netherlands and is recognised in the pension obligation and presented separately in the table above.

Within the same pension plan, plan assets are netted with the defined benefit obligation. For one of the pension plans of Delta Lloyd Belgium, the total for plan assets is higher than the defined benefit obligation, netted € 20.8 million (2014: € 21.6 million).

Net defined benefit liability and experience adjustments

In millions of euros	2015	2014
Defined benefit obligation	2,934.5	2,958.9
Plan assets	-454.8	-367.2
Asset ceiling	-	0.9
Net defined benefit liability	**2,479.8**	**2,592.5**
Experience adjustments on plan liabilities	31.3	26.9
Experience adjustments on plan assets	33.8	21.9

Statement of changes in defined benefit obligation

In millions of euros	2015	2014
At 1 January	2,958.9	2,372.3
Current service cost	69.9	55.5
Past service cost	0.1	-28.9
Interest cost on pension obligations	64.4	88.6
Payments and acquisitions	-83.3	-79.4
Employee contributions current year	11.3	12.0
Other transfers	-0.1	1.5
Actuarial (gains) and losses on pension obligations	-90.8	605.1
Liabilities of subsidiaries sold	4.2	-
Transfer of liabilities to held for sale category	-	-67.8
At 31 December	**2,934.5**	**2,958.9**

Due to the lower discount rate at the beginning of 2015 compared to the beginning of 2014, the calculated current service cost in 2015 is higher than in 2014. In 2014, a past service cost is recognised of € -28.9 million due to a change in the pension scheme in the Netherlands. This includes the change in the accrual rate from 2.15% to 1.875%, the introduction of a maximum pensionable salary of € 0.1 million for all employees, and the decrease in the offset (franchise).

The interest cost on pension obligations is calculated using the discount rate at the beginning of the year. The discount rate at 1 January 2015 was lower than at 1 January 2014, therefore the interest cost is lower compared to 2014.

The employees' contributions exclude transfers of investments into Delta Lloyd Pensioenfonds of € 48.4 million (2014: € 29.5 million transferred out). The employer's contribution to the pension assets for 2016 is expected to be € 54.7 million (2015: € 45.5 million).

The actuarial gain on pension obligations of € 90.8 million (2014: € -605.1 million) is mainly due the higher discount rate for year-end 2015 (for the Netherlands 2.25%) compared to year-end 2014 (for the Netherlands 2.15%).

Payments take place evenly (monthly) throughout the year.

Statement of changes in plan assets

In millions of euros	2015	2014
At 1 January	367.2	368.6
Interest income	7.8	13.6
Contributions	48.8	-29.1
Benefits paid	-2.5	-1.9
Actuarial gains and (losses) on pension assets	33.8	22.0
Assets of subsidiaries sold	-0.3	-
Transfer of assets to held for sale category	-	-5.9
At 31 December	**454.8**	**367.2**

Contributions include transfers of investments into Delta Lloyd Pensioenfonds of € 48.4 million (2014: € 29.5 million transferred out).

Statement of changes in total net pension obligations

In millions of euros	2015	2014
At 1 January	2,592.5	2,007.6
Pension expense for defined benefit plans	125.9	101.7
Actuarial (gains) and losses	-124.1	580.4
Distributions and investment gains and losses	-114.5	-36.4
Other transfers	-	1.5
Transfer of liabilities/assets to held for sale category	-	-62.2
At 31 December	**2,479.8**	**2,592.5**

Distributions and investment gains and losses include transfers of investments into Delta Lloyd Pensioenfonds of € 48.4 million (2014: € 29.5 million transferred out).

As Delta Lloyd Pensioenfonds reinsured the main part of its pension obligations at Delta Lloyd Levensverzekering in the Netherlands, this entity recognises the related investments and related insurance liability. To avoid double recognition, under actual investments and reimbursement rights on the asset side and defined benefit obligations and insurance liabilities on the liability side, reimbursement rights and insurance liabilities have been eliminated. The remaining plan assets are mainly related to plan assets invested for own risk of Delta Lloyd Pensioenfonds.

Pension obligations of € 1.2 million relate to plans that are completely unfunded (2014: € 63.0 million). These pension obligations are classified as defined benefit plans.

The assets of the pension schemes attributable to participants under the defined benefit plans can be specified as follows:

Assets of the pension schemes attributable to participants under the defined benefit plans (without elimination of plan assets) at year-end

In millions of euros	Netherlands 2015	Belgium 2015	Total 2015	Netherlands 2014	Belgium 2014	Total 2014
Equity securities	631.0	28.8	659.8	553.1	24.8	577.9
Debt securities	2,035.2	23.1	2,058.3	2,017.9	28.2	2,046.0
Investment property	69.5	-	69.5	58.0	-	58.0
Other	127.4	44.2	171.6	258.3	43.2	301.5
Total fair value of assets	**2,863.1**	**96.2**	**2,959.2**	**2,887.3**	**96.2**	**2,983.5**

Listed/unlisted assets of the pension schemes attributable to participants under the defined benefit plans (without elimination of plan assets) at year-end

In millions of euros	Listed 2015	Unlisted 2015	Total 2015	Listed 2014	Unlisted 2014	Total 2014
Equity securities	574.1	85.7	659.8	500.7	77.2	577.9
Debt securities	322.6	1,735.7	2,058.3	289.2	1,756.9	2,046.0
Investment property	-	69.5	69.5	-	58.0	58.0
Other	-	171.6	171.6	-	301.5	301.5
Total fair value of assets	**896.7**	**2,062.5**	**2,959.2**	**789.9**	**2,193.6**	**2,983.5**

Three types of investment funds are recognised. All equity securities and property in the Netherlands are investments within investment funds. Of the total debt securities in the Netherlands, € 1,735.7 million (2014: € 1,756.9 million) is invested in investment funds. The above tables list the categories of the underlying securities in the investment funds.

For the financial years 2015 and 2014, equity securities and debt securities in the pension schemes did not include any equity securities and debt securities in Delta Lloyd. In addition, the property of the pension schemes did not include any property that was in use by Delta Lloyd. ‘Other’ includes mainly derivatives that are all interest rate swaps.

Pension deficit (without elimination of plan assets) at year-end

In millions of euros	2015	2014	2013	2012	2011	2010	2009
Fair value of plan assets and reimbursement rights at year-end	2,959.2	2,983.5	2,342.2	2,366.4	2,042.8	1,801.1	1,639.5
Present value of defined benefit obligations at year-end	2,934.5	2,958.9	2,372.3	2,410.9	2,079.3	1,835.3	1,667.2
Asset ceiling	-	0.9	4.0	0.5	1.1	-	-
Net pension deficit / (surplus)	**-24.7**	**-23.7**	**34.1**	**45.0**	**37.6**	**34.2**	**27.7**

The defined benefit obligation for the Dutch pension plans is set equal to the plan assets and as such no surplus or deficit is applicable here. The surplus of € 24.7 million at year-end 2015 (2014: € 23.7 million) relates to the Belgian pension plans.

Pension expenses

In millions of euros	2015	2014
Current service cost	69.7	55.3
Past service cost (gain)/loss	0.1	-28.9
Net interest expense	55.7	73.3
Pension expense for defined benefit plans	125.5	99.7
Pension expense for defined contribution plans	2.8	2.4
Total pension expense recognised in the income statement	128.3	102.1
Investment income (gain)/loss	16.0	-645.6
Total pension result recognised in the income statement	144.3	-543.5
Actuarial (gains) and losses recognised in the income statement	0.5	-
Actuarial (gains) and losses recognised in OCI	-124.1	573.2
Total net pension result	**20.6**	**29.7**
Net pension expense from discontinued operations*	**-1.0**	**8.9**

*) Net pension expense from discontinued operations includes the actuarial gain of Delta Lloyd Deutschland for an amount of € 1.9 million (2014: € 7.2 million loss).

Pension expenses recognised as staff costs (see section 4.1.7.8 'Employee information') consist of current service cost, past service cost, pension expense of defined contribution plans and actuarial gains and losses recognised in the income statement. Net interest expense is recognised as part of finance cost.

The investment income is the actual return on the assets backing the pension obligations. For the Netherlands an amount of € -19.4 million (2014: € 639.2 million) was recognised in the investment income of the Life segment as this segment holds the investments. The actual return on plan assets of the Belgian defined benefit plan for 2015 was € 3.3 million (2014: € 6.4 million).

Changes in other comprehensive income

In millions of euros	2015	2014
At 1 January	-890.2	-317.0
Actuarial gains and (losses) on pension obligations due to changes in demographic assumptions	-0.1	-3.3
Actuarial gains and (losses) on pension obligations due to changes in financial assumptions (mainly discount rate change)	110.2	-536.1
Actuarial gains and (losses) on pension obligations due to adjustment for funding agreement	-52.0	-93.5
Actuarial gains and (losses) on pension obligations due to experience adjustments	31.3	27.8
Actuarial gains and (losses) on pension assets	33.8	22.0
Actuarial gains and (losses) due to change in asset ceiling	0.9	2.7
Transfer of liabilities/assets to held for sale category	-	7.2
Total changes in other comprehensive income	124.1	-573.2
Actuarial gains and (losses) disposed	12.4	-
At 31 December	**-753.7**	**-890.2**

Sensitivity analysis of defined benefit obligations

In millions of euros	Impact on equity 2015	Impact on equity 2014
Interest rate risk +25 bps	101.6	93.1
Interest rate risk -25 bps	-101.6	-93.1
Value of equity shares +10%	-65.2	-57.3
Value of equity shares -10%	65.2	57.3

The table above shows the effect of a 25 basis-point interest rate change for the total interest rate structure. The sensitivities are based on the plan assets and the reimbursement rights. A change in mortality rate does not have a direct impact on equity or the result, as the impact is first recognised at the expense or in favour of the surplus. See section 4.1.7.1 ‘Risk management,’ subsection ‘Sensitivity analysis’ for further explanation of the sensitivity analysis and the limitations of the analysis.

Estimated future benefit payments in the next 10 years are as follows:

Estimated future benefit payments for the financial year

In millions of euros	
2016	59.0
2017	57.7
2018	60.1
2019	62.6
2020	65.6
2021-2025	364.8

4.1.7.30 Provisions for other liabilities

Provisions for other liabilities are recognised if Delta Lloyd has a present legal or constructive obligation resulting from past events, if it is probable it will require an outflow of resources to settle the obligation and if a reliable estimate of the scope of the obligation can be made. If it is virtually certain that a provision will be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset.

The restructuring provisions include redundancy payments to employees and the cost of non-cancellable rental commitments. Delta Lloyd recognises a provision for onerous contracts when the expected benefits are less than the unavoidable costs of meeting the obligations under the contract.

Provisions are measured as the best estimate of the expenditure required to settle the present obligation on the reporting date. Liabilities that do not meet the criteria for recognition as outlined above are disclosed as contingent liabilities, unless the possibility of an outflow of economic benefit is deemed to be remote.

Provisions at year-end

In millions of euros	2015	2014
Restructuring provisions	14.4	7.2
Provisions for employee equity compensation plan	1.4	6.4
Provisions for onerous contracts	-	134.0
Other provisions*	42.9	42.1
Total	**58.6**	**189.6**

* In the financial statements 2015 'Provisions for onerous contracts' are presented separately. In the financial statements 2014 this item was presented under 'Other provisions'.

Statement of changes in onerous contracts provision

In millions of euros	2015	2014
At 1 January	134.0	-
Addition	247.6	134.0
Withdrawal	-381.6	-
At 31 December	**-**	**134.0**

The increase in the restructuring provisions relates to the restructuring of the commercial and IT activities following the goal setting in the ‘Closer to the customer’ strategy.

On 22 July 2015, the sale of Delta Lloyd Bank Belgium was finalised. As a result, the provision for onerous contracts of € 142.0 million was withdrawn. Compared to year-end 2014, the provision for onerous contracts was increased from € 134.0 million to € 142.0 million, the difference being the result until 22 July 2015 of Delta Lloyd Bank Belgium (€ -5.0 million) and a reduction in the sales price (€ 13.0 million).

On 15 January 2015, Delta Lloyd announced the sale of its German Life business to Athene Holding, which resulted in a provision for onerous contracts of € 158.4 million at that date. This provision decreased during 2015 to a total amount of € 154.1 million due to result and other equity movements. The sale was finalised on 1 October 2015. As a result, the provision for onerous contracts of € 154.1 million was withdrawn.

During 2015, several equity securities in private equity and hedge funds were classified as held for sale. As the total portfolio of shares in private equity funds was expected to be sold below its fair value, a provision for onerous contracts was made of € 85.5 million. The sale was finalised on 31 December 2015. As a result, the provision for onerous contracts of € 85.5 million was withdrawn.

The addition in the provisions for onerous contracts (€ 247.6 million) is presented as part of other operating expenses in the income statement.

4.1.7.31 Income taxes

The tax expense is based on the taxable profits for the year, after any adjustments made for previous years and after any changes in deferred tax assets and liabilities. Tax is allocated to the result before taxation or to the reserves, as appropriate.

Deferred tax assets and deferred tax liabilities are recognised on all material temporary differences between the tax base of assets and liabilities and their carrying amounts in the statement of financial position. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available to use these tax assets. Deferred tax is presented on a net basis per fiscal entity. The principal temporary differences arise from depreciation of property, revaluation of financial assets and liabilities, including derivatives, insurance liabilities, pension obligations, other post-retirement benefits and tax losses carried forward. The rates enacted or decided upon on the reporting date are used to determine the deferred tax.

Deferred tax assets and liabilities caused by temporary differences in tax base at year-end

In millions of euros	2015	2014
Insurance liabilities	1,494.5	1,657.8
Investments	-1,611.0	-2,027.7
Equalisation reserve	-11.2	-11.2
Unused tax losses	91.5	224.5
Intangible fixed assets	-18.2	-19.9
Pension plans	496.0	485.1
Other	1.0	1.6
Total deferred tax	**442.6**	**310.2**

The full amount of tax assets and liabilities is expected to be recoverable or payable.

Deferred tax assets

In millions of euros	2015	2014*
At 1 January	352.9	480.1
Recognised through the income statement	92.4	-189.4
Movement in other comprehensive income	10.4	95.5
Reclassification between deferred tax assets and liabilities	-7.9	-30.1
Transfer to assets held for sale	0.7	-4.2
Changes in group	29.9	1.0
At 31 December	**478.4**	**352.9**

* Comparative figures have been reclassified to represent the net deferred tax position per fiscal entity.

Deferred tax liabilities

In millions of euros	2015	2014*
At 1 January	42.7	104.7
Recognised through the income statement	2.0	-35.4
Movement in other comprehensive income	-1.0	3.1
Reclassification between deferred tax assets and liabilities	-7.9	-30.1
Other movements	-	0.4
At 31 December	**35.8**	**42.7**

* Comparative figures have been reclassified to represent the net deferred tax position per fiscal entity.

The deferred tax assets and liabilities of companies that are part of the corporate tax entity Delta Lloyd NV are cumulated. The same approach is used for the corporate income tax entity Delta Lloyd ABN AMRO Verzekeringen Holding BV.

Tax assets on tax losses at year-end

In millions of euros	2015	2014
Delta Lloyd NV tax entity	81.1	218.4
Delta Lloyd Life	7.1	3.8
Consolidated investment funds	3.3	2.3
Total	**91.5**	**224.5**

In the Netherlands, losses are carried forward to a maximum of nine years. The tax loss of the Dutch fiscal entity Delta Lloyd NV is expected to be compensated within the available time frame. Taxable losses are recognised at an amount of € 324.3 million.

In Belgium, the tax position consists of the combination of tax losses and notional interest deduction, which is a taxable interest deduction that reduces the taxable amount. The tax losses can be carried forward indefinitely. The regulations on the deduction of notional interest have changed, abolishing the carried forward period of seven years. As of 2012 the notional interest deduction is limited to the actual year. The existing notional interest deduction at the end of 2011 will, under certain conditions, be deductible for the remaining seven years.

The tax losses in Belgium are expected to be compensated within coming years.

Delta Lloyd has recognised tax losses of € 358.5 million (2014: € 894.1 million). Held for sale companies are not included in these amounts. Tax losses carried forward are recognised to the extent that realisation of the related tax benefit through future taxable profits is probable.

Delta Lloyd has unrecognised tax losses of € 115.8 million (2014: € 154.3 million), of which € 107.5 million (2014: € 134.1 million) is related to the consolidated investment funds. Held for sale companies are not included in these amounts. The unrecognized tax losses are not expected to be used in the future.

Tax charged to the income statement in the financial year

In millions of euros	2015	2014
Current tax liabilities	104.2	-65.6
Adjustment for prior-year final assessments	-0.1	-7.1
Tax due for immediate payment	104.1	-72.7
Originating from timing differences	-90.5	160.8
Measurement of deferred tax assets	-4.0	-0.3
Total deferred tax	-94.5	160.5
Total tax charged to income statement	**9.6**	**87.8**

The categories of movements in deferred tax were as follows:

Movements in deferred tax in the income statement

In millions of euros	2015	2014
Insurance liabilities	163.3	-648.6
Investments	-343.9	880.8
Equalisation reserve	-	3.1
Unused tax losses	133.1	-213.9
Intangible fixed assets	-2.4	-2.5
Pension plans	-42.0	142.2
Other movements	-2.5	-0.5
Total	**-94.5**	**160.5**

Tax charged to equity at year-end

In millions of euros	2015	2014
Deferred tax	-18.1	-64.1
Total tax charged to equity	**-18.1**	**-64.1**

Deferred tax charged to equity mainly relates to investments that are recognised directly into equity.

In 2015 and 2014, the nominal tax rates were 25.0% in the Netherlands, 33.99% in Belgium and 30.0% in Germany. The difference between the effective tax rate and the nominal tax rate is explained below:

Tax charged to the income statement in the financial year

In millions of euros	2015	2014
Result before tax from continuing operations	**150.4**	**468.2**
Tax calculated at standard Netherlands corporation tax rate of 25%	37.6	117.0
Non-assessable dividends	-14.8	-14.1
Impairment of 5% interests in investments	4.1	7.1
Untaxed realised / unrealised gains and losses	-70.4	-35.1
Non-deductable losses sale of subsidiaries	28.4	33.5
Transfers from/to non-capitalised losses in Belgium	-4.0	-0.3
Tax rate difference with Belgium	13.2	-13.7
Notional interest Belgium	-1.1	-4.4
Impairment on goodwill subsidiaries	5.3	-
Releases of tax provision	5.7	5.4
Disallowable expenses	8.0	4.9
Other	-2.2	-12.5
Total tax charged to income statement	**9.6**	**87.8**

Delta Lloyd did not pay corporate income tax in 2015. There is no cash outflow of taxes. The taxable profit is fully compensated by tax losses.

The effective tax rate in the income statement is low because of the relative high amount of tax exempted income in the income statement related to the amount of profit.

4.1.7.32 Borrowings

Borrowings are initially recognised at the proceeds of their issue less transaction costs incurred. Subsequently, borrowings are measured at amortised cost, and any difference between net proceeds and the redemption value is recognised in the income statement over the remaining term of the borrowings using the effective interest rate method.

Certain notes issued by Delta Lloyd that relate to securitised mortgages are recognised at fair value through profit or loss (see section 4.1.6.6 ‘Product classification’). These notes are measured at the end of each reporting period using the fair value hierarchy as described in section 4.1.7.37 ‘Fair value of assets and liabilities’.

Description and features of loans at year-end

In millions of euros	2015	2014
Institutional investors	472.5	454.0
Institutional investors perpetual loan	743.8	742.8
Fonds NutsOHRA perpetual loan	136.0	136.0
Subordinated debt	1,352.4	1,332.8
Securitised mortgage loan notes valued at fair value	468.8	667.5
Securitised mortgage loan notes valued at amortised cost	1,754.4	2,436.5
Securitised mortgage loan notes	2,223.2	3,104.0
Medium-term note	573.7	573.0
Commercial paper	164.9	311.0
Convertible loan	2.0	2.0
Other borrowings	740.5	886.1
Total	**4,316.2**	**5,322.9**

Subordinated debt

In 2012, Delta Lloyd issued a € 500.0 million subordinated loan. The fair value of this loan was € 586.2 million at year-end 2015 (2014: € 653.8 million). Due to the sale of Delta Lloyd Deutschland in 2015, a subordinated loan of € 12.0 million issued in 2009 is presented under institutional investors. The fair value of this loan was € 12.5 million at year-end 2015.

In 2014, Delta Lloyd placed a € 750.0 million fixed-to-floating-rate subordinated note transaction. The fair value of the subordinated perpetual loan at year-end 2015 was € 634.5 million (2014: € 724.5 million). The notes were issued under the existing Delta Lloyd EMTN programme. The notes qualify as higher supplementary capital for Delta Lloyd under IGD. Standard & Poor's Ratings Services has assigned a BBB-rating to the notes.

Perpetual subordinated loan notes with an initial interest rate of 2.5% were issued to finance the acquisition of Nuts OHRA Beheer BV in 1999. The notional amount at year-end 2015 was € 404.7 million (2014: € 404.7 million) and the carrying amount was € 136.0 million (2014: € 136.0 million). The interest rate on the notes was 2.76% at year-end 2015 (2014: 2.76%) and the fair value of the subordinated loan was € 209.2 million (2014: € 270.5 million). On 6 November 2015, Delta Lloyd and Stichting Fonds NutsOhra came to an amendment agreement regarding the convertible subordinated loan. The changes consider primarily the interest payments (deferral thereof) and redemption restrictions for a maximum of three years. The amendment is at the request of Delta Lloyd so the loan can be accounted for as additional capital under Solvency II rules. As compensation for the amendment of the terms Stichting Fonds NutsOhra is entitled to a maximum of € 22.5 million if the maximum three-year restriction term is used. This compensation will be amortised to the income statement over the restriction term.

In the event of bankruptcy, subordinated loans rank lower than other liabilities but higher than preference and other shareholders. The perpetual subordinated loan extended to Stichting Fonds NutsOHRA ranks below other subordinated loans.

Securitised mortgage loan notes

A part of the mortgage portfolio of Delta Lloyd is pooled and transferred to special purpose vehicles (securitisation companies). To fund the acquisition of the mortgages, these special purpose vehicles (SPVs) issue notes known as Arena notes. Delta Lloyd is not obliged to support these vehicles by funding any losses that may be suffered by the note holders other than those arising from the structure. The notes have been issued on the basis that the note holders are only entitled to receive payment of principal and interest to the extent to which the available resources of the securitisation companies concerned are sufficient. This is including funds due from customers regarding the securitised loans. Delta Lloyd has no right or obligation to repurchase the liabilities prior to the optional call date, except if, in certain circumstances, they are in breach representation and/or warranties.

Securitised mortgage loan notes at fair value at year-end

In millions of euros	Fair value 2015	Fair value 2014	Contract maturity date	Anticipated maturity date	Interest rate
Arena 2011-II	568.4	640.4	09/2043	12/2015 / 09/2016	floating, range 0.1% - 1.9%
iArena	-	391.2	05/2058	05/2024 / 05/2025 / 11/2025 / 05/2026	fixed, 3.35%
Eliminations	-99.5	-364.1			
Total	**468.8**	**667.5**			

In November 2015, iArena was redeemed early due to the sale of Delta Lloyd Deutschland, among others. Amstelhuys has repurchased the notes at an arms-length price. The cumulative revaluation at year-end 2015 was € -4.8 million (2014: € -26.3 million). Of the elimination, € 63.3 million (2014: € 99.1 million) is related to the Arena at Amstelhuys and € 36.2 million (2014: € 40.9 million) to the Arena at Delta Lloyd Levensverzekering.

Securitised mortgage loan notes at amortised cost at year-end

In millions of euros	Amortised cost 2015	Amortised cost 2014	Contract maturity date	Anticipated maturity date	Interest rate
Arena 2011-I	-	576.0	12/2042	11/2015	floating, range 0.2% - 1.7%
Arena 2012-I	570.7	625.9	11/2044	11/2017	floating, range 0.1% - 1.3%
Arena B-II	-	679.0	10/2044	10/2016	floating, range 0.2 - 1.2%
Arena B-III	-	686.6	01/2045	01/2017	floating, range 0.2 - 1.2%
Arena NHG 2014-I	704.0	768.0	04/2046	04/2019	floating, range 0.2 - 1.2%
Arena NHG 2014-II	734.4	798.9	04/2046	04/2020	floating, range 0.2 - 1.2%
Eliminations	-254.8	-1,682.5			
Transfer to liabilities related to assets held for sale	-	-15.3			
Total	**1,754.4**	**2,436.5**			

The fair value of these loan notes on year-end 2015 was € 1,769.9 million (2014: € 2,464.3 million).

In December 2015, Arena 2011-I was redeemed. On 22 July 2015, the sale of Delta Lloyd Bank Belgium was finalised, therefore both Arena B-II and Arena B-III amount to nil.

The eliminations of the securitised mortgage loan notes relate to Arena 2012-I at Amstelhuys for € 57.2 million (2014: € 116.2 million) and Arena 2012-I at Delta Lloyd Levensverzekering for € 25.6 million (2014: € 25.6 million). Arena NHG-2014-I and Arena NHG-2014-II are eliminated at Delta Lloyd Bank Nederland for € 172.0 million (2014: € 190.4 million).

Of the fair value gains and losses (revaluations) on borrowings at fair value through profit and loss there is no amount attributable to changes in credit risk.

The notes are mortgage collateralised. The tranches of the notes at the SPVs with the highest risk (those that are first in line not to be paid out should credit problems occur) are held at own risk for Delta Lloyd. Delta Lloyd expects the credit risk for external parties is close to zero and no credit risk is expected.

Statement of changes in borrowings

In millions of euros	2015	2014
At 1 January	5,322.9	5,328.4
New borrowings	522.3	2,918.5
Repayments of borrowings	-1,542.1	-2,949.2
Net cash inflow / outflow	-1,019.8	-30.7
Revaluation	-5.9	18.3
New borrowings due to change in group structure	12.0	-
Transfer to liabilities relating to assets held for sale	-	-10.0
Other borrowings	7.1	17.1
At 31 December	**4,316.2**	**5,322.9**

New borrowings of € 522.3 million (2014: € 2,918.5 million) mainly consist of new issued commercial papers amounting € 521.7 million (2014: € 672.0 million). Total repayments on commercial paper were € 668.0 million (2014: € 455.7 million). Commercial papers amounts to a total of € 164.9 million (2014: € 311.0 million). These have repayment dates throughout the year.

Total repayments on securitised mortgage loan notes were € 873.9 million and relate mainly to the redemption of Arena 2011-I.

4.1.7.33 Financial liabilities

Financial liabilities at year-end

In millions of euros	2015	2014
Savings	2,695.9	2,756.8
Demand deposits	1,386.1	1,520.6
Deposits	981.0	1,534.7
Customer savings and deposits	5,063.0	5,812.1
Other financial liabilities	122.8	259.8
Financial liabilities	**5,185.7**	**6,071.9**
Expected to be settled within one year	3,041.0	3,927.0
Expected to be settled in more than one year	2,144.7	2,144.9
Total	**5,185.7**	**6,071.9**

4.1.7.34 Other liabilities

Other liabilities at year-end

In millions of euros	2015	2014
Payables arising out of direct insurance	254.8	411.5
Payables arising out of reinsurance	48.9	27.1
Deposits received from reinsurers	343.0	364.8
Accruals and deferred income	757.8	886.4
Short-term creditors	600.0	610.7
Total	**2,004.6**	**2,300.5**

As in the previous year, the other liabilities are expected to be settled within one year.

4.1.7.35 Contingent assets and liabilities

Uncertainty over claims provisions

Section 4.1.7.25 ‘Insurance liabilities’ gives details of the estimation techniques and assumptions used to determine the provisions for the general insurance business and for the life insurance business. The assumptions are designed to ensure that the provisions for future liabilities, including any future bonuses, are prudent. Both are expected to give an estimated result. Due to the nature of the estimation process, there is uncertainty about this future liability, for example where actual outcomes are worse than assumed for the general insurance business, or where assumptions about inflation of life business claims may change in the future.

Asbestos, pollution and other environmental hazards

Companies in Delta Lloyd receive general insurance liability claims as part of their insurance business that could lead to actual or threatened litigation. This includes claims in respect of pollution and other environmental hazards. Among these are claims relating to asbestos production and handling in the Netherlands. The ultimate cost cannot be determined with certainty, given the significant delays experienced in receiving notification of these claims, the number of potential claims involved, and the uncertainties associated with establishing liability. Delta Lloyd's net exposure to such liabilities is further explained in section 4.1.7.25 ‘Insurance liabilities’. On the basis of current information and taking into account the level of provisions made for these specific general insurance claims, Delta Lloyd considers it unlikely for any additional costs arising to have a material impact on its financial position.

Guarantees

Delta Lloyd has granted warranties as part of its insurance contracts. These warranties are taken into account in the calculation of the insurance liabilities. Warranties have also been granted with respect to investment properties. No other material warranties have been granted.

Litigation

Several claims against Delta Lloyd have been filed, all of which are being contested. For these claims, the outcome may be difficult to predict and will be subject to a variety of variables and known and unknown uncertainties. Delta Lloyd does not expect these claims to have a significant adverse effect on Delta Lloyd financial position but, given the inherent uncertainty, one or more of these claims may ultimately result in such effect on Delta Lloyd's financial position.

The main pending legal proceedings are:

Swiss Life NV

In Belgium, 230 people have filed civil claims against Delta Lloyd Life NV (formerly Swiss Life NV) in relation to alleged mis-selling of investment products by Spaar Select.

In March 2015, the Court of First Instance in Brussels decided to allow joinder of the 230 cases and set the calendar for further proceedings. A decision on the claims is being awaited.

When Delta Lloyd Life acquired Swiss Life NV, the seller, SNS, made a provision for a warranty that includes possible civil convictions. This warranty should be sufficient.

Cyrte/Boekhoorn

In 2009, Mr. Boekhoorn initiated legal proceedings against Delta Lloyd, Cyrte and the Chief Executive Officer of Cyrte, Mr. Botman (‘Cyrte c.s.’). Mr. Boekhoorn claimed he was instructed to purchase shares in Telegraaf Media Groep by Mr. Botman, acting on behalf of Cyrte, and that Cyrte had agreed that Mr. Boekhoorn would have the opportunity to sell the Telegraaf Media Groep shares back to Cyrte for the original price, or at a lower price to be determined. In 2015, the Supreme Court confirmed the 2013 verdict of the Court of Appeal to dismiss the appeal.

Econcern

On 9 May 2014, Delta Lloyd Asset Management and the curator of sustainable energy company Econcern filed a joint complaint with the Accountantskamer (the disciplinary body for auditors) against the two PwC auditors responsible for the audit assignment at Econcern, which was declared bankrupt in 2009. In addition, on 21 May 2014, Delta Lloyd Levensverzekering and Rabobank, in consultation with SHV, held PwC (and the two auditors in their personal capacities) severally liable for the alleged damage caused by the bankruptcy of Econcern. Filing the complaint and the liability accountability were motivated by the risk of the end of the statutory term and the fact that the curator wanted to take a settlement with PwC outside the judicial process. The hearings before the Accountantskamer took place on 18 and 20 August 2014.

In its ruling on 13 October 2014, the Accountantskamer upheld the complaint and imposed disciplinary measures on the two auditors. On 6 January 2015, both auditors lodged an appeal against the decision to the Trade and Industry Appeals Tribunal (College van Beroep voor het Bedrijfsleven) in The Hague. Delta Lloyd is assessing its next steps. The appeal is still pending.

Dutch Central Bank (DNB) measures imposed on Delta Lloyd

In 2014, the DNB imposed a fine on Delta Lloyd Levensverzekeringen NV. The DNB also assessed the ‘suitability’ (geschiktheid) of Delta Lloyd’s CFO Emiel Roozen and called for his dismissal, even though it concluded that his ‘integrity’ (betrouwbaarheid) was beyond dispute.

Delta Lloyd’s Supervisory Board conducted its own review of the same facts and circumstances and reached different conclusions in its interpretation of those facts and circumstances. Delta Lloyd decided to submit the DNB’s measures to the court and request a ruling on the interpretation of the facts and circumstances, the associated conclusions, the call to dismiss the CFO, as well as the fine and the way it was calculated.

In July 2015, the administrative court in Rotterdam ruled in favour of the DNB with respect to the imposed fine but suspended the DNB's instruction to dismiss CFO Emiel Roozen. The fine amounting to € 22.7 million was paid in October 2015. Despite the court's ruling to suspend the instruction for his dismissal, the CFO stepped down in August and Supervisory Board chairman Jean Frijns resigned as of 1 October 2015.

The AFM imposed a fine of € 0.8 million for the lack of sound business practices at Delta Lloyd Asset Management, which was paid in November 2015.

Delta Lloyd is exposed to the possible risk of claims from customers concerning unit-linked insurance contracts

Following the public debate that began in 2006 around the alleged lack of transparency concerning unit-linked insurance contracts and the level of costs associated with these products, Delta Lloyd entered into agreements in 2008 and 2010 with consumer and investor interest groups (Stichting Verliespolis, Stichting Woekerpolis Claim, Vereniging van Effectenbezitters and Vereniging Eigen Huis). The agreements include a settlement on standardised charges for individual, privately-held unit-linked insurance products purchased in the past. The Wabeke recommendation was taken into account in determining the compensation. An arrangement was also made for customers in 'distressed' situations. In 2013, Delta Lloyd added the compensation directly to the policies and it is therefore included in the insurance liabilities, a method recommended by the Ministry of Finance.

Other than a very small number of complaints filed with the Financial Services Complaints Tribunal (Klachteninstituut Financiele Dienstverlening /Kifid) and one individual claim (for a very limited amount) filed in court, there are currently no claims or proceedings initiated against Delta Lloyd, individually by policyholders or by consumer-interest organisations on their behalf.

Delta Lloyd Asset Management and Delta Lloyd Levensverzekering versus Lioncross Ltd.

Delta Lloyd Asset Management (DLAM) and Delta Lloyd Levensverzekering (DLL) are involved in a legal dispute with Lioncross Ltd (Lioncross). On 19 August 2015, Lioncross sued DLAM and DLL, claiming payment of USD 29.1 million. According to Lioncross, DLAM and DLL were in breach of contractual obligations by voting against the Orca restructuring.

DLAM and DLL believe the Lioncross claim is based on forged documents. On 25 November 2015, DLAM and DLL filed their statement of defence with the competent court in Amsterdam, in which both DLAM and DLL deny any and all liability. Subsequently, the competent court of Amsterdam ordered the parties to appear in person (*comparitie van partijen*) on 24 March 2016 to provide further information and reach a settlement.

Fubon

Starting in late 2015, Delta Lloyd has received letters from counsel and representatives of Fubon, a Taipei-based financial firm that has been a substantial shareholder in Delta Lloyd since March 2015, when it participated in Delta Lloyd's accelerated book building offering. (It purchased 12 million of the 19.9 million shares sold at a price per share of € 17; Fubon has noted it later increased its stake to 16.37 million shares.) According to the AFM register of substantial holdings, Fubon has an indirect substantial interest of 5.23% of the share capital and 5.23% of the voting rights of Delta Lloyd.

In its letters, Fubon queries whether Delta Lloyd complied with its disclosure obligations, including at the time of the March 2015 offering and in the summer of 2015, and demands Delta Lloyd makes certain additional public disclosures and provides detailed information regarding, among other things, the composition of Delta Lloyd's investment portfolio and the development of Delta Lloyd's IGD and Solvency II ratios. In addition, Fubon is claiming compensation from Delta Lloyd for the entire loss in value of its investment. Fubon has noted that unless its demands are met it will have no choice but to pursue all available legal remedies.

Delta Lloyd has rejected all claims of liability.

Athene Lebensversicherung & Athene Deutschland

Several claims against Delta Lloyd have been brought forward by Athene Lebensversicherung AG (Athene Lebensversicherung), the former Delta Lloyd Lebensversicherung AG, and its parent company, Athene Deutschland GmbH (the former Delta Lloyd Deutschland AG, merged with the purchaser of Delta Lloyd Deutschland AG) (Athene Deutschland). Neither Athene Lebensversicherung nor Athene Deutschland have initiated any court proceedings against DL NV with regard to these claims as yet. Parties are currently assessing a possible settlement.

Delta Lloyd Schadeverzekering NV (DLS)/PT Consultancy BV

The claim is based on an alleged breach of contract, or act of tort, in relation to the termination of a cooperation regarding a financial product. The initial claim was for approximately € 2.4 million and has been increased to approximately € 97.0 million. PT Consultancy has sent a draft court motion to DLS, in which it requested the court's permission to hold preliminary witness hearings (*verzoek tot het houden van een voorlopig getuigenverhoor*), before it decides whether or not to start legal proceedings against DLS. As far as Delta Lloyd is aware, no formal request has yet been submitted to the court. Potential settlement options were previously discussed with PT Consultancy BV, but those settlement negotiations failed. At present, the legal basis for the extreme increase in the amount of the claim is not substantiated.

Arbitration Fidea

This dispute relates to the spin-off agreement concluded between Delta Lloyd Life and Fidea on 4 January 2013, to spin-off the Zelia insurance portfolio to Fidea. On 20 December 2013, Fidea filed a request for arbitration with respect to its claim that Delta Lloyd Life should pay to Fidea an aggregate amount of € 2.7 million, plus interest, for breach of certain obligations under the spin-off agreement.

The arbitral tribunal ruled that it has jurisdiction and competence to decide on the claims. Parties have exchanged their final submissions and await the judgement of the arbitral tribunal.

SCOR Global Life

Delta Lloyd Life and SCOR Global Life (SCOR) disagree on the interpretation of the terms regarding termination by SCOR of a Life Reinsurance contract entered into between Delta Lloyd Life and SCOR in 2009. SCOR terminated the contract on 31 July 2013. SCOR is of the opinion that the contract, after termination, remains in force until the 'natural expiry' of the remaining insurances in the portfolio, representing a contract value for SCOR of approximately € 9.0 million. Delta Lloyd Life disputes the opinion of SCOR, and refuses any continuation or damage. SCOR has initiated arbitral proceedings for damages for an amount of € 9.5 million. The arbitral proceedings began in June 2015.

Other

Delta Lloyd and several of its subsidiaries have guaranteed the overdraft and borrowings of certain subsidiaries and associates. In addition, in line with standard industry practice, various subsidiaries have, in recent years, given guarantees, indemnities and warranties in connection with disposals of subsidiaries and associates in third parties. In the opinion of Delta Lloyd, no material loss will arise in respect of these guarantees, indemnities and warranties. The nature of the guarantees and security provided does not require them to be measured in accordance with IAS 39.

4.1.7.36 Off-balance sheet positions

Off-balance sheet commitments

Contingent liabilities, including credit facilities granted and guarantees issued for the liabilities of third parties, are not recognised in the statement of financial position as their existence is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Delta Lloyd. The amount of these obligations cannot be measured with sufficient reliability.

The maximum potential credit risk of these contingent liabilities is stated. In order to determine the maximum potential credit risk the assumption is that all counterparties will fail to meet their contractual obligations and that all collateral received has no value.

Leases

Leases in which a significant portion of the risk and reward of ownership are retained by the lessor are recognised as operating leases. Payments made as a lessee under operating leases (net of any incentives received from the lessor) are recognised in the income statement on a straight-line basis over the lease period, unless another systematic basis is more representative of the time pattern in which users benefit. There are no material financial leases affecting Delta Lloyd as either lessor or lessee.

Contractual commitments for acquisitions of capital expenditure on investment property, and property and equipment not recognised on the statement of financial position (2014 figures include Delta Lloyd Bank Belgium and Delta Lloyd Deutschland) are as follows:

Off-balance sheet liabilities at year-end

In millions of euros	2015	2014
Investment property	20.6	9.9
Property and equipment	-	2.6
Repairs and maintenance	-	7.2
Investments	-	65.4
Outsourcing	-	2.2
Contingent liabilities	439.4	424.4
Operational lease commitments rental	130.3	81.7
Within one year	16.8	12.0
Between one and five years	65.6	31.0
More than five years	47.9	38.7
Operational lease commitments non-rental	6.4	11.5
Within one year	2.9	5.0
Between one and five years	3.5	6.5
More than five years	-	-
Total	**596.7**	**604.8**

Contingent liabilities include irrevocable facilities of € 373.1 million (2014: € 285.7 million), which mainly consist of mortgage credit, investment loans and consumer credit. The increase in irrevocable facilities is mainly related to the pipeline of mortgages, partially offset by the sale of Delta Lloyd Bank Belgium in 2015.

All the leases are eligible for renewal. There are no subleases to third parties. The increase in the operational lease commitments is caused by the sale of the subsidiary Delta Lloyd Vastgoed Kantoren, because the rental agreements for the office buildings in Amsterdam and Arnhem were included in the sale.

Off-balance sheet receivables at year-end

In millions of euros	2015	2014
Operational lease receivables rental	38.9	443.5
Within one year	5.8	65.0
Between one and five years	19.0	244.2
More than five years	14.1	134.4
Operational lease receivables non-rental	33.0	35.7
Within one year	-	-
Between one and five years	33.0	35.7
More than five years	-	-
Total	**71.9**	**479.2**

Rental receivables at year-end 2015, were € 38.9 million (2014: € 443.5 million) and related to property investments held by Delta Lloyd Life Belgium. The decrease of rental income is caused by the disposal of property investments held by Delta Lloyd Asset Management (2014: € 197.2 million); and the sale of Delta Lloyd Deutschland (2014: € 199.9 million).

The non-rental receivables of € 33.0 million due from LeasePlan and Athlon on 31 December 2015, is for the financing of the vehicle fleet of Delta Lloyd (2014: € 35.7 million). The non-rental receivables within one year regarding LeasePlan and Athlon are accounted for in the statement of financial position to a total of € 8.3 million (2014: € 8.9 million).

4.1.7.37 Fair value of assets and liabilities

Financial assets and liabilities are categorised according to the following fair value hierarchy. Transfers between levels of the fair value hierarchy are deemed to occur at the end of the reporting period.

Published prices in active markets ('Level 1')
Fair value measured at level 1 only uses quoted prices (unadjusted) in active markets for identical assets and liabilities. An active market is one in which transactions take place with sufficient frequency and volume so that prices are regularly available. Examples are equity securities, bonds and investment funds listed on active markets.

Measurement method based on significant observable market inputs ('Level 2')
Fair value measured at level 2 uses inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. If an asset or liability has a given contractual term, a level 2 input variable must be observable for practically the full term of that asset or liability. Level 2 involves the following input variables:

- Quoted prices for similar (i.e. not identical) assets/liabilities in active markets;
- Input variables other than quoted prices observable for the asset (for example, interest rates and yield curves observable at customary intervals, volatility, early redemption spreads, loss ratio, credit risks and default percentages);
- Input variables arising mainly from or confirmed by observable market data by correlation or other means (market-confirmed inputs).

Examples of assets or liabilities at level 2 are financial instruments measured using discounted cash flow models. These are based on observable market swap yields (such as securitised mortgages or private interest rate derivatives), on investment property measured using observable market data and quoted debt instruments or equity securities in a non-active market.

Measurement method not based on significant observable market inputs ('Level 3')
Fair value measured at level 3 significantly uses inputs for the asset or liability that are not based on observable market data. Unobservable inputs can be used if observable inputs are not available, and so fair value can still be measured at the reporting date in situations in which there is no or almost no active market for the asset or liability. For private equity investments and private placements external broker quotes are used when the market is no longer transparent and/or liquid. These broker quotes are challenged twice a year by obtaining quotes from other brokers as well. The value of Delta Lloyd's own broker is leading, but when the difference between the brokers is significant additional information is obtained and a best estimate is made based on all available information. Investment property is reported under level 3 if there is no active market.

A small percentage of the total assets are measured at fair value based on estimates and recorded as level 3.

The tables below show assets and liabilities measured at fair value and the total carrying value to maintain the link with the relevant statement of financial position items.

Assets at year-end

In millions of euros	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Property and equipment	55.1	72.4	-	72.4	-
Investment property	1,052.2	1,052.2	-	953.9	98.3
Debt securities	28,342.1	28,342.1	28,072.2	235.6	34.3
Equity securities	2,169.3	2,169.3	1,338.3	435.3	395.7
Derivatives	1,675.9	1,675.9	2.1	1,525.9	147.9
Loans at fair value through profit or loss	5,235.9	5,235.9	-	5,209.4	26.5
Loans and receivables at amortised cost	10,676.9	11,972.1	-	11,972.1	-
Receivables and other financial assets	1,376.8	1,416.5	25.9	1,390.5	-
Accrued interest and prepayments	539.0	539.0	397.3	141.7	0.1
Cash and cash equivalent	2,503.4	2,503.4	2,503.4	-	-
Total assets for own risk	53,626.5	54,978.7	32,339.2	21,936.9	702.7
Investments at policyholders' risk	14,604.0	14,604.0	13,863.8	660.6	79.6
Third party interests in consolidated investment funds	3,371.2	3,371.2	3,267.4	65.8	38.0
Total	**71,601.7**	**72,953.9**	**49,470.4**	**22,663.3**	**820.3**

Assets at prior year-end

In millions of euros	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Property and equipment	102.2	132.1	-	132.1	-
Investment property	1,525.6	1,525.6	-	949.2	576.4
Debt securities	28,676.9	28,676.9	28,340.1	318.2	18.7
Equity securities	2,889.5	2,889.5	1,655.1	225.4	1,009.0
Derivatives	2,239.3	2,239.3	51.9	2,024.1	163.3
Loans at fair value through profit or loss	5,525.3	5,525.3	-	5,510.5	14.8
Loans and receivables at amortised cost	9,924.4	11,013.0	-	11,013.0	-
Receivables and other financial assets	1,636.7	1,594.2	26.1	1,568.1	-
Accrued interest and prepayments	561.1	561.1	402.3	158.8	-
Cash and cash equivalent	2,642.0	2,642.0	2,642.0	-	-
Total assets for own risk	55,723.0	56,799.1	33,117.4	21,899.5	1,782.2
Investments at policyholders' risk	14,189.3	14,189.3	13,161.3	963.4	64.6
Third-party interests in investment funds	3,964.6	3,964.6	3,833.1	131.2	0.3
Total	**73,876.9**	**74,953.0**	**50,111.8**	**22,994.0**	**1,847.1**

Investments at policyholders’ risk and equity securities held at own risk include investments in institutional funds, which were previously classified as level 2 due to the fact that these funds are not listed. However, the underlying assets held by these funds, are all listed, therefore a level 1 classification is more appropriate. Comparative figures have been adjusted accordingly.

Financial liabilities at year-end

In millions of euros	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Liabilities for investment contracts					
Liabilities for investment contracts designated at fair value	5,839.7	5,839.7	1,147.6	4,692.0	-
Liabilities for investment contracts at amortised cost	464.8	506.1	-	506.0	-
Total liabilities for investment contracts	6,304.5	6,345.8	1,147.6	5,198.1	-
Subordinated debt	1,352.4	1,442.4	1,220.7	221.7	-
Securitised mortgages loan notes					
Securitised mortgages loan notes designated at fair value	468.8	468.8	468.8	-	-
Securitised mortgages loan notes at amortised cost	1,754.4	1,769.9	1,362.5	407.4	-
Total securitised mortgages loan notes	2,223.2	2,238.7	1,831.4	407.4	-
Other borrowings					
Medium-term note	573.7	609.7	609.7	-	-
Commercial paper	164.9	164.9	164.9	-	-
Convertible loan	2.0	0.8	-	0.8	-
Total other borrowings	740.5	775.3	774.6	0.8	-
Derivatives	991.9	991.9	-	991.9	-
Customer savings and deposits	5,063.0	5,269.4	2,310.9	2,958.5	-
Other financial liabilities	122.8	122.8	-	122.8	-
Total financial liabilities for own risk	16,798.3	17,186.4	7,285.2	9,901.1	-
Investments at policyholders' risk	21.7	21.7	-	21.7	-
Third party interests in consolidated investment funds	3,371.2	3,371.2	-	3,371.2	-
Total	**20,191.2**	**20,579.2**	**7,285.2**	**13,294.1**	**-**

Financial liabilities at prior year-end

In millions of euros	Total carrying value	Total fair value	Level 1	Level 2	Level 3
Liabilities for investment contracts					
Liabilities for investment contracts designated at fair value	5,670.1	5,670.1	876.4	4,793.8	-
Liabilities for investment contracts at amortised cost	484.1	537.3	-	537.3	-
Total liabilities for investment contracts	6,154.3	6,207.4	876.4	5,331.0	-
Subordinated debt	1,332.8	1,648.7	1,378.2	270.5	-
Securitised mortgages loan notes					
Securitised mortgages loan notes designated at fair value	667.5	667.5	574.0	93.5	-
Securitised mortgages loan notes at amortised cost	2,436.5	2,464.3	2,082.1	382.2	-
Total securitised mortgages loan notes	3,104.0	3,131.8	2,656.1	475.7	-
Other borrowings					
Medium-term note	573.0	631.5	631.5	-	-
Commercial paper	311.0	311.0	311.0	-	-
Convertible loan	2.0	1.1	-	1.1	-
Total other borrowings	886.1	943.6	942.5	1.1	-
Derivatives	1,174.4	1,174.4	-	1,174.4	-
Customer savings and deposits	5,812.1	6,094.4	2,915.7	3,178.7	-
Other financial liabilities	259.8	259.8	-	259.8	-
Total financial liabilities for own risk	18,723.4	19,460.2	8,768.9	10,691.2	-
Investments at policyholders' risk	16.1	16.1	-	16.1	-
Third party interests in consolidated investment funds	3,964.6	3,964.6	-	3,964.6	-
Total	**22,704.1**	**23,440.8**	**8,768.9**	**14,671.9**	**-**

The fair value of assets and liabilities is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under the current market conditions. The way the fair value is established for each statement of financial position category is set out below.

Assets

Property and equipment, investment property and inventory of real estate projects

The fair value is assessed by qualified external appraisers, in compliance with international valuation standards published by the International Valuation Standards Committee and/or the regulations and standards in the RICS valuation standards prescribed by the Royal Institution of Chartered Surveyors.

Desktop appraisals are performed every half year and full appraisals are carried out every three years. All investment properties in the Netherlands and Belgium were fully appraised at the end of 2015. Each appraisal is independently executed by two external appraisers. The main assumptions used in property appraisals are the current leases discounted by the gross initial yield. Also taken into account as assumptions are the best estimates of future renovations and maintenance and probability of vacancy, future rent discount and re-letting expectations.

The investment property of the Dutch residential portfolio and some of the owner-occupied properties are recognised under fair value level 2 because the property appraisals are based on observable data in active markets.

The fair value of equipment is not materially different from the carrying value. The carrying value is determined by historical cost less accumulated depreciation and impairment.

Financial instruments (debt securities, equity securities and derivatives)

Quoted prices in an active market ('unadjusted, market observable prices') are sought first. If such prices are not available or if there is no active market, financial instruments are measured using input available in the market other than market prices: measurement derived from pricing. If no direct external or derived market prices are available, Delta Lloyd uses brokers' quotes. This category includes measurement based on Delta Lloyd's own measurement models (for derivative financial instruments) and statements from fund managers (for private equity investments).

Loans at fair value through profit or loss and loans and receivables at amortised cost

The fair value of loans (including mortgages) and receivables is estimated by comparing discounted future cash flows using market interest rates at the date the loan was granted against current market interest rates for similar loans and advances at the reporting date. The measurement model takes into account observable as well as non-observable inputs. As far as possible, the input for the model uses observable market data rather than unobservable data. With regard to the mortgage portfolio, observable inputs used are risk-free interest rates (swap), illiquidity/funding spreads (RMBS spreads) and an extra spread to incorporate additional market observable data (i.e. primary consumer pricing). Non-observable inputs include servicing cost, early repayment probabilities, credit spreads, and a solvency spread for future parameter uncertainty. During 2015, several improvements were made in the assumptions of these observable and non-observable parameters (see section 4.1.6.3 ‘Use of assumptions and estimates’). During 2015, also some refinements in the spread used to determine the fair value of savings mortgages were made. These refinements aim to better reflect the credit characteristics of savings mortgages. The impact of the refinements on the net result amount to € 34.1 million positive.

The loans included in each of the two different categories have similar characteristics. Therefore no separate categories are presented.

Receivables, other financial assets and cash and cash equivalents

The carrying value of receivables and other financial assets is regarded as a good approximation of the fair value, as these assets have a short-term nature.

Financial liabilities

Liabilities for investment contracts

The fair value of the provision for non-participating investment contracts is initially established through the use of prospective discounted cash flow techniques. For unit-linked contracts, the value of the liability equals the fair unit-fund value, plus additional provisions for guaranteed returns, if required. The fair value of discretionary participating investment contracts is the same as that for life insurance contracts.

Financial instruments (subordinated loans, medium-term notes, commercial paper, convertible loans)

The fair value of financial instruments presented at level 1 is recorded at the relevant market listing. The fair value of financial instruments recorded at level 2 are estimated by discounting future cash flows using the discount rate applicable for similar financial instruments at the reporting date.

Securitised mortgages loan notes

If the securitised mortgages loan notes are actively traded on the market, the quoted prices are used. If this is not the case, fair value is calculated by discounting the expected cash flows at the market interest rates.

Amounts owed to credit institutions

The fair value of amounts owed to credit institutions is not materially different from the carrying value.

Other borrowings and other financial liabilities

The carrying value of other borrowings and other financial liabilities is regarded as a good approximation of the fair value.

Investments at policyholders' risk and equity securities held at own risk include investments in institutional funds that were previously classified as level 2 due to the fact that these funds are not listed. However, the underlying assets held by these funds, are all listed, therefore a level 1 classification is more appropriate. Comparative figures have been adjusted accordingly.

The tables below offer additional information on financial instruments for which there are insufficient observable market inputs (level 3 of the fair value hierarchy).

Movement in fair value level 3 of investment property and investment at policyholders’ risk is also included in the table compared to prior year. The recurring assets and financial liabilities designated at fair value are included per class in the movement of fair value level 3. In prior year, the presentation was on the total level of assets.

Statement of changes in financial instruments/other investments within level 3 at year-end

In millions of euros	Investment property	Debt securities	Equity securities	Derivatives	Loans at fair value through profit or loss	Accrued interest and prepayments	Investments at policyholders' risk	Third party interests in consolidated investment funds	Total
At 1 January	576.4	18.7	1,009.0	163.3	14.8	-	64.6	0.3	1,847.1
Additions	6.9	23.0	39.5	13.0	11.7	0.1	30.4	37.7	162.3
Disposals	-482.8	-4.1	-590.0	-4.5	-	-	-14.4	-	-1,095.8
Changes in fair value recognised through equity	-	0.1	-40.5	-	-	-	-	-	-40.4
Changes in fair value recognised through profit and loss	-2.2	-3.4	6.9	-23.9	-	-	-1.0	-	-23.6
Transfer to held for sale	-	-	-29.2	-	-	-	-	-	-29.2
At 31 December	**98.3**	**34.3**	**395.7**	**147.9**	**26.5**	**0.1**	**79.6**	**38.0**	**820.4**

Statement of changes in financial instruments/other investments within level 3 at prior year-end

In millions of euros	Investment property	Debt securities	Equity securities	Derivatives	Loans at fair value through profit or loss	Investments at policyholders' risk	Third party interests in consolidated investment funds	Total
At 1 January	661.7	31.2	968.0	-	-	72.5	-	1,733.4
Additions	87.4	5.7	58.6	36.0	14.8	1.0	0.3	203.7
Disposals	-107.9	-19.4	-84.7	-3.0	-	-6.3	-	-221.2
Changes in fair value recognised through equity	-2.6	2.4	71.6	-	-	-	-	71.5
Changes in fair value recognised through profit and loss	-62.1	1.8	-4.5	2.5	-	-2.6	-	-64.9
Transfer into Level 3	-	-	-	127.7	-	-	-	127.7
Transfer out of level 3	-	-2.9	-	-	-	-	-	-2.9
At 31 December	**576.4**	**18.7**	**1,009.0**	**163.3**	**14.8**	**64.6**	**0.3**	**1,847.1**

The transfer to held-for-sale relates to a private equity security of € 29.2 million, see section 4.1.7.5 ‘Discontinued operations and assets and liabilities held for sale’.

There were no transfers from level 2 to level 1 (2014: € 103.7 million). Transfers from level 1 to level 2 amounted to € 0.5 million (2014: € 6.7 million).

There were no transfers from level 2 into level 3 (2014: € 127.7 million related to derivatives) and no transfers from level 1 to level 3 (2014: nil).

The total accumulated unrealised gains and losses on level 3 investments recognised in the income statement, which amount to € -41.0 million (year-end 2014: € -87.4 million), comprise gains and losses on investment property, debt securities, equity securities and financial assets at policyholders' risk and derivatives. These gains and losses are presented in the line item 'investment income' in the consolidated income statement.

The total accumulated unrealised revaluation of the investments on level 3 at year-end 2015, which amounts to € 91.7 million (2014: € 250.0 million), through other comprehensive income, results from debt securities and equity securities held as available for sale. These gains and losses are recognised in the 'revaluation reserve' in the consolidated statement of comprehensive income. The realised gains and losses are transferred to income statement and presented as line item 'realised gains and losses on investments classified as available for sale'. The accumulated impairment of investments on level 3 held as available for sale at year-end 2015 was € 110.4 million (2014: € 172.8 million). The impairment on the level 3 investments in 2015 is € 7.7 million (2014: € 18.1 million).

A small percentage of the total assets are measured at fair value based on estimates and recorded as level 3. Where estimates are used, these are based on a combination of evidence from independent third parties and models developed in-house, calibrated where possible against observable market input. Although such measurements can be sensitive to estimates, it is presumed that changing one or more assumptions to another reasonable alternative assumption will not significantly change the fair value.

Sensitivity analysis level 3

In millions of euros	Significant non-observable assumptions	Impact on result 2015	Impact on equity 2015	Impact on result 2014	Impact on equity 2014
Investment property	Property value + 10%	7.3	7.3	42.6	42.6
Investment property	Property value - 10%	-7.3	-7.3	-42.6	-42.6
Equity securities	Market spread + 10%	4.0	33.1	8.7	79.5
Equity securities	Market spread - 10%	-4.0	-33.1	-8.7	-79.5
Debt securities	Liquidity premium + 0.5%	0.3	0.3	0.2	0.2
Debt securities	Liquidity premium - 0.5%	-0.3	-0.3	-0.2	-0.2
Derivatives	Mortality +5%	-21.4	-21.4	-26.5	-26.5
Derivatives	Mortality -5%	19.4	19.4	0.0	0.0

Delta Lloyd adjusted the assumption pertaining to investment property values up or down by 10%, which is seen as a probable market change. The value of equity securities (private equity investments and private placements) is also calculated up or down by 10% because the underlying investments are highly diversified in terms of sector, type of investment and investment strategy. There is no one significant unobservable assumption or combination of assumptions that could be identified and used to perform a reasonably possible sensitivity analysis for this portfolio.

The comparative figure regarding the impact on equity of changes in equity securities is adjusted.

For derivatives, the sensitivity for changes in assumptions is relatively high. The table shows the impact of a 5% change in the mortality assumption on the longevity hedge.

4.1.7.38 Transferred financial assets

Securities sold under repurchase agreements are reclassified as related assets in the financial statements if the recipient is entitled by custom or contract to sell or offer the collateral as security. This obligation towards the counterparty is recognised as other liabilities to banks, bank deposits, other funds entrusted or deposits due to customers. Securities purchased under re-sale agreements (reverse repos) are recognised as loans and advances to other banks or customers. The difference between the selling price and the repurchase price is accounted for as interest using the effective interest rate method over the term of the contract. Lent securities are also recognised in the financial statements as beneficial ownership of these securities is retained.

The tables below reflect the transferred financial assets that are not derecognised in their entirety. This regards debt instruments in sale and repurchase agreements.

Delta Lloyd is not active in the securities lending market.

There are no transferred financial assets that are derecognised in their entirety with continuing involvement (2014: nil).

Transferred financial assets that are not derecognised in their entirety at year-end

In millions of euros	Mortgages at amortised cost *	Mortgages at fair value *	Equity securities and debt securities	Total 2015
Carrying amount of assets	1,318.5	1,508.5	-	2,827.0
Carrying amount of associated liabilities	-2,009.2	-568.4	-	-2,577.5
Total net carrying amount	**-690.7**	**940.1**	**-**	**249.5**
Fair value of assets	1,465.5	1,508.5	-	2,974.0
Fair value of associated liabilities	-2,024.7	-568.4	-	-2,593.0
Total net fair value	**-559.2**	**940.1**	**-**	**381.0**

* The securitised mortgages at amortised cost and securitised mortgages at fair value with their associated liabilities should be analysed together.

Transferred financial assets that are not derecognised in their entirety at prior year-end

In millions of euros	Mortgages at amortised cost *	Mortgages at fair value *	Equity securities and debt securities	Total 2014
Carrying amount of assets	3,422.8	1,982.5	805.1	6,210.4
Carrying amount of associated liabilities	-4,134.4	-1,031.6	-795.4	-5,961.4
Total net carrying amount	**-711.6**	**950.9**	**9.7**	**249.0**
Fair value of assets	3,700.5	1,982.5	805.1	6,488.1
Fair value of associated liabilities	-4,162.1	-1,031.6	-795.4	-5,989.1
Total net fair value	**-461.6**	**950.9**	**9.7**	**499.0**

* The securitised mortgages at amortised cost and securitised mortgages at fair value with their associated liabilities should be analysed together.

The carrying amount of the liabilities includes notes of the mortgage securitisation held as own book. The own book positions are eliminated for an amount of € 354.3 million (2014: € 2,181.0 million). The decrease in own book positions is mainly due to the sale of Delta Lloyd Bank Belgium (€ 1,350.3 million) and the redemption of the iArena (€ 391.2 million).

Transferred financial assets are repurchase agreements and securitisation.

Repurchase agreements

Delta Lloyd has not entered into repurchase agreements (2014: € 795.4 million).

Securitisation

Delta Lloyd does not derecognise securitised mortgages; see section 4.1.6.4 'Consolidation principles'. For more information about securitised mortgages and related liabilities see section 4.1.7.32 'Borrowings'.

4.1.7.39 Related party transactions

Services provided by related parties

In millions of euros	Expenses incurred in year 2015	Payable at year-end 2015	Expenses incurred in year 2014	Payable at year-end 2014
Employee pension plans	125.5	2,479.8	101.6	2,654.7
Total	**125.5**	**2,479.8**	**101.6**	**2,654.7**

All related party transactions are on terms equivalent to arm's length transactions.

Related party transactions mainly involve transactions with the pension fund. The main plan in the Netherlands is held in a separate foundation that has reinsured its pension obligations with the subsidiary Delta Lloyd Levensverzekering. In January 2013, Delta Lloyd Pensioenfonds decided to split its investment portfolio. The portfolio is still reinsured at Delta Lloyd Levensverzekering to a coverage ratio of 105%. The amount above 105% is invested for own risk of Delta Lloyd Pensioenfonds at Delta Lloyd Asset Management. See section 4.1.7.29 'Pension obligations' of the consolidated financial statements for additional information on the pension obligations.

Related party payables are not secured and no guarantees have been received in respect of them. The payables will be settled on normal credit terms.

Information on remuneration, interests and transactions of the members of the Executive Board and the Supervisory Board is included in the remuneration report (see section 3.3 'Remuneration report'). Within Delta Lloyd, only the Executive Board and the Supervisory Board are considered to be key management, as they respectively determine and monitor the company's operational and financial policies.

One former Executive Board member paid a penalty interest of € 71.600 because of early redemption of part of the mortgage.

The amounts disclosed in the tables below are the amounts recognised as an expense during the reporting period related to key management personnel while the disclosures provided in the Remuneration report are prepared on a cash basis.

Key management personnel compensation in the financial year

In millions of euros	Active Executive Board members	Former Executive Board members	Total Executive Board members	Supervisory Board	Total 2015
Short-term employee benefits	3.1	0.9	4.0	0.5	4.5
Post-employment benefits	0.5	0.2	0.7	-	0.7
Other long-term benefits	0.1	0.0	0.1	-	0.1
Termination benefits	-	1.5	1.5	-	1.5
Share-based payment	0.0	-0.6	-0.6	-	-0.6
Total	**3.7**	**2.0**	**5.7**	**0.5**	**6.1**

No final agreement has been reached yet about the termination conditions of the former Chief Financial Officer (CFO).

Active Executive Board members' compensation in the financial year

In thousands of euros	Hans van der Noordaa	Ingrid de Graaf	Annemarie Meijer	Emiel Roozen (until 3 August)	Onno Verstegen	Total 2015
Short-term employee benefits	932.1	676.1	394.4	391.4	669.4	3,063.3
Post-employment benefits	168.5	106.7	60.5	62.2	119.6	517.5
Other long-term benefits	28.5	17.8	11.1	10.4	17.8	85.6
Termination benefits	-	-	-	-	-	-
Share-based payment	129.2	5.9	59.7	-103.1	-90.3	1.4
Total	**1,258.3**	**806.5**	**525.7**	**360.9**	**716.5**	**3,667.8**

Former Executive Board members' compensation in the financial year

In thousands of euros	Niek Hoek	Emiel Roozen (from 3 August)	Paul Medendorp	Total 2015
Short-term employee benefits*	471.7	470.7	-7.6	934.8
Post-employment benefits	84.6	71.2	10.6	166.4
Other long-term benefits	24.0	11.8	-	35.8
Termination benefits	800.0	658.3	-	1,458.3
Share-based payment	-505.4	-34.1	-55.6	-595.1
Total	**874.9**	**1,177.9**	**-52.6**	**2,000.2**

* Includes transitional payments

Key management personnel compensation in the prior financial year

In millions of euros	Active Executive Board members	Former Executive Board members	Total Executive Board members	Supervisory Board	Total 2014
Short-term employee benefits	3.0	-	3.0	0.5	3.5
Post-employment benefits	0.7	-	0.7	-	0.7
Other long-term benefits	0.2	-	0.2	-	0.2
Termination benefits	-	-	-	-	-
Share-based payment	0.5	-	0.5	-	0.5
Total	**4.4**	**-**	**4.4**	**0.5**	**4.9**

Active Executive Board members' compensation in the prior financial year

In thousands of euros	Niek Hoek	Paul Medendorp	Ingrid de Graaf	Emiel Roozen	Onno Verstegen	Total 2014
Short-term employee benefits	815.8	571.0	403.3	629.1	606.8	3,026.0
Post-employment benefits	219.7	161.2	44.7	161.2	161.2	748.0
Other long-term benefits	54.1	40.5	16.2	22.3	22.7	155.8
Termination benefits	-	-	-	-	-	-
Share-based payment	-130.0	56.9	284.1	116.9	130.2	458.1
Total	**959.6**	**829.6**	**748.3**	**929.5**	**920.9**	**4,387.9**

From the post-employment benefits of key management, € 0.5 million relates to defined contribution plans (2014: nil).

In addition to the positions presented in the tables above, Delta Lloyd has a long-term loan with Fonds NutsOHRA. Further information about this loan is given in section 4.1.7.32 ‘Borrowings’ in the consolidated financial statements and section 4.2.1.9 ‘Subordinated debt’ in the separate financial statements.

4.1.7.40 Subsequent events

On 1 February 2016 the Supervisory Board announced that Executive Board member Onno Verstegen has decided to leave the company, in amicable agreement with Delta Lloyd. From that date, Onno Verstegen is no longer an Executive Board member.

Amsterdam, 23 February 2016

Executive Board

Hans van der Noordaa, Chairman

Clifford Abrahams

Ingrid de Graaf

Annemarie Mijer

Supervisory Board

Rob Ruijter, Chairman

André Bergen

Eric Fischer

Jan Haars

Fieke van der Lecq

Clara Streit

4.2 Separate financial statements

Separate income statement for the year ending 31 December

In millions of euros	2015	2014
Result from participating interests after tax	381.4	541.4
Other results after taxation	-253.3	-180.2
Total result after tax	**128.1**	**361.1**

Separate statement of financial position before appropriation of result

In millions of euros		2015	2014
Goodwill	I	127.3	148.5
Total intangible assets		127.3	148.5
Participating interests in Group companies	II	2,896.2	3,404.1
Participating interests with significant influence	II	77.3	92.7
Long-term loans	III	725.6	642.4
Total financial fixed assets		3,699.1	4,139.2
Total fixed assets		3,826.4	4,287.7
Debt securities		0.4	0.5
Equity securities	III	29.3	116.3
Receivables*	IV	662.4	570.5
Cash and cash equivalents		8.1	6.3
Total current assets		700.1	693.6
Total assets		**4,526.6**	**4,981.3**
Share capital	V	45.7	39.9
Share premium	V	837.1	505.9
Other statutory reserves	V	4.8	0.2
Revaluation reserve	V	301.6	648.8
Other reserves	V	1,248.4	908.9
Equity compensation plan	V	3.2	3.5
Unallocated profit / (loss)	V	128.1	361.1
Total shareholders' funds	V	2,568.9	2,468.4
Provisions	VI	14.3	144.3
Subordinated debt	VII	881.9	880.8
Long-term borrowings	VIII	573.7	573.0
Total long-term liabilities		1,469.9	1,598.1
Other liabilities*	IX	487.8	914.8
Total liabilities		1,957.7	2,512.9
Total shareholders' funds and liabilities		**4,526.6**	**4,981.3**

* Comparative figures have been reclassified to represent the net deferred tax position (see section 4.1.6.2 ‘Financial impact of changes in accounting policies and reclassifications’).

4.2.1 Notes to the separate financial statements

4.2.1.1 Accounting policies

The separate financial statements of Delta Lloyd NV have been prepared in accordance with the legal requirements of Part 9 of Book 2 of the Dutch Civil Code. As the income statement of Delta Lloyd NV for 2015 is incorporated in the consolidated financial statements, only an abridged company income statement is presented pursuant to Section 2:402 of the Dutch Civil Code.

The option to use the same accounting policies in the separate financial statements as in the consolidated financial statements, as described in section 2:362 of the Dutch Civil Code, has been exercised. Consequently, the accounting policies in the separate financial statements are the same as those presented in the consolidated financial statements, except for the following:

Subsidiaries and associates

Subsidiaries and associates in which Delta Lloyd has a controlling interest are measured at the net asset value. The net asset value is determined by measuring the assets, provisions and liabilities, and calculating the net result using the same accounting policies as applied in the consolidated financial statements.

4.2.1.2 Financial impact of changes in accounting policies and reclassifications

During the third quarter of 2015, Delta Lloyd reviewed the presentation of its tax positions and decided, in line with IAS 12, to reclassify certain deferred tax positions to provide a better view of the net deferred tax position. There is no impact on shareholder's funds nor on result. The reclassification relating to certain deferred tax positions as at 31 December 2014 is presented in the line item Receivables (deferred tax assets), which decreased by an amount of € 1.2 million and in line item Other liabilities (deferred tax liabilities), which also decreased by an amount of € 1.2 million.

4.2.1.3 (I) Goodwill

The carrying value on 31 December 2015 is € 127.3 million (2014: € 148.5 million).

The impairment test that was performed for Cyrte Investments resulted in an impairment of the full goodwill amount in 2015 amounting to € 21.2 million. The main reason is a decrease with respect to future inflow of new money and the distribution from the Cyrte funds during 2015 leading to an overall lower assets under management base for Cyrte Investments. Assets under management is the main driver for the management fees to be earned.

4.2.1.4 (II) Participating interests

Movements in participating interests and associates

In millions of euros	Participating interests in Group companies	Participating interests with significant influence	Total
At 1 January 2014	3,142.2	2.1	3,144.3
Additions	-	15.9	15.9
Share of result after tax	541.4	-	541.4
Withdrawn dividend	-234.1	-	-234.1
New equity capital	387.1	-	387.1
Amount recognised directly in equity	-432.5	-0.1	-432.6
Transfer from investments	-	74.8	74.8
At 31 December 2014	**3,404.1**	**92.7**	**3,496.8**
At 1 January 2015	3,404.1	92.7	3,496.8
Additions	0.0	-	-
Disposals	-524.1	-19.7	-543.8
Share of result after tax	374.5	6.8	381.4
Withdrawn dividend	-155.4	-1.7	-157.2
Amount recognised directly in equity	-202.9	-0.8	-203.6
At 31 December 2015	**2,896.2**	**77.3**	**2,973.6**

Restrictions on dividend distributions relate to minimum capital requirements.

In 2015, the Group company Delta Lloyd Treasury BV was transferred from Delta Lloyd Asset Management Holding BV to Delta Lloyd NV. The net asset value amounted close to nil at the moment of transfer.

Of the total disposals of participating interest in Group companies (totalling € 524.1 million), € 348.0 million is related to the sale of Delta Lloyd Bank Belgium, € 175.8 is related to the sale of Delta Lloyd Deutschland and € 0.3 concerns the sale of WRE Vermögensverwaltung in 2015.

The disposal of participating interests with significant influence fully relates to the sale of Dasym Investments IX. The remaining participating interest mainly consists of Van Lanschot NV amounting to € 76.8 million.

List of major Group companies at year-end

The major Group companies in which Delta Lloyd NV has an interest (100% unless otherwise stated) are:
Holding
Delta Lloyd Houdstermaatschappij Verzekeringen NV (Amsterdam)
Delta Lloyd Bank NV (Amsterdam)
Delta Lloyd Houdstermaatschappij België BV (Amsterdam)
Delta Lloyd ABN AMRO Verzekeringen Holding BV (51%) (Zwolle)
Delta Lloyd Services BV (Amsterdam)
Amstelhuys NV (Amsterdam)
Delta Lloyd Asset Management Holding BV (Amsterdam)
Delta Lloyd Treasury BV (Amsterdam)
Life
Delta Lloyd Levensverzekering NV (Amsterdam)
Delta Lloyd Vastgoed Fonds NV (Amsterdam)
Delta Lloyd Life NV (Brussels, Belgium)
ABN AMRO Levensverzekering NV (51%) (Zwolle)
BeFrank NV (Amsterdam)
Investment funds
Delta Lloyd Investment Fund NV (95.4%) (Amsterdam)
Delta Lloyd Mix Fonds (99.6%) (Amsterdam)
Delta Lloyd Rente Fonds (81.3%) (Amsterdam)
Delta Lloyd Fixed Umbrella (between 50.9% and 94.5%) (Amsterdam)
Delta Lloyd Luxemburg (Sicav: between 5.5% and 72.6%) (Luxemburg, Luxemburg)
General
Delta Lloyd Schadeverzekering NV (Amsterdam)
Delta Lloyd Schadeverzekering Volmachtbedrijf BV (Amsterdam)
ABN AMRO Schadeverzekering NV (51%) (Zwolle)

The list pursuant to Sections 379 and 414 of Book 2 of the Dutch Civil Code has been filed with the Chamber of Commerce in Amsterdam.

4.2.1.5 (III) Investments

Statement of changes in loans

In millions of euros	2015	2014
At 1 January	642.4	210.1
Additions	105.2	480.0
Disposals	-15.0	-47.7
Impairment losses	-	0.0
Other adjustments	-7.0	-
At 1 December	**725.6**	**642.4**

At year-end 2015 as well as prior year-end, all loans can be classified as long-term loans.

Of the total loans valuated at amortised cost (2015: € 725.6 million, 2014: € 642.4 million), € 665.0 million relates to intercompany loans with Group companies (2014: € 642.0 million). The fair value of the non-intercompany loans is € 60.6 million (2014: € 0.4 million).

An amount of € 665.0 million (2014: € 642.0 million) of the long-term loans was held by subsidiaries and associates. Of the long-term loans held by subsidiaries and associates € 665.0 million (2014: € 642.0 million) is subordinated. In 2015, new loans issued to Group companies were for € 75.0 million to Delta Lloyd Life NV and for € 30.0 million to Delta Lloyd Bank NV.

As in 2014, there were no arrears on interest or repayments.

Statement of changes in investments in equity securities

In millions of euros	2015	2014
At 1 January	116.3	77.0
Additions	-	116.3
Disposals	-87.8	-0.1
Fair value gains and losses	0.8	-2.2
Transfer to participating interests	-	-74.8
At 31 December	**29.3**	**116.3**
Cumulative impairment losses	-35.4	-42.4

The remaining balance of equity securities almost fully relates to a private equity portfolio that is classified as assets held for sale in the consolidated statement of financial position. See section 4.1.7.5 'Discontinued operations and assets and liabilities held for sale' for information on assets classified as held for sale. The sale of this portfolio is expected to be finalised in the first quarter of 2016.

4.2.1.6 (IV) Receivables

Receivables at year-end

In millions of euros	2015	2014*
Receivables from Group companies	498.7	469.4
Receivables and other financial assets	48.4	0.4
Accrued interest and prepayments	52.2	24.5
Tax assets (see section IX 'Other liabilities')	63.1	76.1
Total	**662.4**	**570.5**

* Comparative figures have been reclassified to represent the net deferred tax position (see section 4.1.6.2 'Financial impact of changes in accounting policies and reclassifications').

At year-end 2015, all receivables are due within one year except for a deferred payment of € 46.7 million (receivables and other financial assets) related to the sale of a part of the private equity portfolio. This amount will be settled within two years.

Accrued interest and prepayments include € 22.8 million (2014: € 21.9 million) from Group companies.

4.2.1.7 (V) Equity

Statement of changes in equity

In millions of euros	2015	2014
Share capital		
At 1 January	39.9	38.4
Issues of shares	4.0	-
Final dividend	0.9	0.8
Interim dividend	0.9	0.7
At 31 December	45.7	39.9
Share premium		
At 1 January	505.9	507.4
Issues of shares	333.1	-
Final dividend	-1.0	-0.8
Interim dividend	-0.9	-0.7
At 31 December	837.1	505.9
Other statutory reserves		
At 1 January	0.2	0.2
Result on participating interest in prior year	541.4	244.6
Transfer to other reserves	-471.8	427.3
Other direct equity movements in participating interest	90.5	-437.8
Dividends received from participating interests	-155.4	-234.1
At 31 December	4.8	0.2
Revaluation reserves		
At 1 January	648.8	660.6
Movements in the value of investments	-0.8	-17.0
Movements in the value of participating interests	-346.5	5.3
At 31 December	301.6	648.8
Other reserves		
At 1 January	908.9	1,227.9
Transfer from other statutory reserves	471.8	-427.3
Dividends received from participating interests	155.4	234.1
Prior year result of the holding company excluding result on participating interests	-180.2	-61.2
Final dividend paid	-62.7	-41.3
Interim dividend paid	-50.2	-24.2
Change in treasury shares	2.4	2.3
Change in conditional shares granted	-0.1	-1.4
Actuarial gains and losses of subsidiaries sold transferred to retained earnings	-2.1	-
Revaluation reserve of property sold transferred to retained earnings	5.2	-
At 31 December	1,248.4	908.9
Equity compensation plan	3.2	3.5
Result for the year	128.1	361.1
Total shareholders' funds	**2,568.9**	**2,468.4**

Share capital

Issued shares are fully paid-up and each share gives the bearer the right to cast one vote.

Statement of changes in ordinary shares

Numbers	2015	2014
At 1 January	199,330,887	191,797,530
Issue of shares	19,933,087	-
Stock dividend	9,350,638	7,533,357
At 31 December	**228,614,612**	**199,330,887**

Delta Lloyd issued 19,933,087 new ordinary shares on 16 March 2015, priced at € 17.00 each. This resulted in an increase in equity of € 337.1 million, after deducting costs net of tax (€ 1.8 million). On 30 November 2015, Delta Lloyd announced its intention to launch a rights issue in 2016 to raise up to € 1.0 billion of additional equity capital (see section 4.1.7.21 'Share capital' in the consolidated financial statements).

Convertible preference shares A

The convertible preference shares A carry a fixed dividend of 2.76%. Fonds NutsOHRA holds all 10,021,495 preference shares A and is entitled to convert these cumulative preference shares A on a one-to-one basis up to 6,510,748 shares per annum. The conversion price is € 30.84 (2014: € 30.94) per ordinary share less € 0.20 (the nominal value of the convertible preference shares A).

Preference shares B

The preference shares B are protective preference shares. The preference shares B have not been issued but there is an option agreement with Stichting Continuïteit Delta Lloyd (see section 3.4 'Corporate governance'), a foundation that is legally and administratively independent of Delta Lloyd. Stichting Continuïteit Delta Lloyd has a call option to acquire protective preference shares B in Delta Lloyd NV for an indefinite period. The maximum to be acquired equals 100% of the share capital in issue in the form of ordinary shares and preference shares A immediately prior to the exercise of the call option, minus one share. This will entitle it to 49.9% of the voting rights after the issuance of such shares.

On acquisition, at least one quarter of the nominal value must be paid up on each preference share B. The call for a further payment on preference shares B shall be made pursuant to a resolution of the Executive Board of Delta Lloyd NV. Such a resolution shall be subject to the approval of the Supervisory Board. Delta Lloyd believes that the call option is not material as meant by IAS 1.31 since there is a very small probability of the call option being exercised. In the highly exceptional circumstances in which the call option would be exercised, these preference shares B would, in all probability, be cancelled within a very short time. The option is, therefore, not recognised in the financial statements nor is any additional information presented to pursuant IAS 32 and IAS 39.

Share premium

This reserve includes amounts received from the issuance of shares in excess of their nominal value. The movement in 2015 is attributable to the issue of new shares in March 2015 and a stock dividend charge. The share premium is freely distributable to the relevant class of shareholders (holders of preference shares A and ordinary shareholders) to the amount they have paid in.

Revaluation reserve

The revaluation reserve recognises unrealised value changes in investments available for sale, less the related deferred tax liability. It includes direct movements in the equity of associates that also cannot be distributed without restrictions.

Other statutory reserves

This reserve includes the associates' reserve, which is the profit from subsidiaries and associates. It is not freely distributable, partly because of solvency requirements imposed on subsidiaries and associates. The result of the subsidiary is transferred to the other reserves if the subsidiary has a negative equity.

Other reserves

The category 'Other reserves' includes the result of the company, treasury shares held directly and indirectly and transfers out of the associates reserve due to the dividends received from subsidiaries and associates. These reserves are freely distributable.

4.2.1.8 (VI) Provisions

Statement of changes in provisions

In millions of euros	Restructuring provisions	Employee share option plan	Other provisions	Total
At 1 January 2014	11.4	6.1	-	17.5
Additional provision made in the year	4.7	-	134.0	138.7
Withdrawal provision during the year	-9.3	-2.6	-	-11.9
Movement in provisions	-4.6	-2.6	134.0	126.8
At 31 December 2014	**6.8**	**3.5**	**134.0**	**144.3**
At 1 January 2015	6.8	3.5	134.0	144.3
Additional provision made in the year	11.3	-	165.8	177.1
Withdrawal during the year	-8.3	-2.6	-296.1	-307.0
Movement in provisions	3.0	-2.6	-130.3	-129.9
At 31 December 2015	**9.8**	**0.8**	**3.7**	**14.3**

Of the restructuring provisions at year-end 2015, € 9.2 million relate to restructuring of the commercial and IT activities following the goal setting for the updated strategy 'Closer to the customer'.

On 22 July 2015, the sale of Delta Lloyd Bank Belgium was finalised. As a result the provision for onerous contracts of € 142.0 million was withdrawn. Compared to year-end 2014, the provision for onerous contracts increased from € 134.0 million to € 142.0 million, the difference being the result of Delta Lloyd Bank Belgium (€ -5.0 million) until 22 July, and a reduction in the sales price (€ 13.0 million).

On 15 January 2015, Delta Lloyd announced the sale of its German Life business to Athene Holding, which resulted in a provision for onerous contracts of € 158.4 million at that date. This provision decreased during the course of 2015 to a total amount of € 154.1 million due to result and other equity movements. The sale was finalised on 1 October 2015. As a result, the provision of onerous contracts of € 154.1 million was withdrawn.

The expected funds outflow of the provisions are € 9.8 million for the restructuring provisions, € 0.5 million for the employee share option plan and € 3.7 million for the other provisions within a year.

4.2.1.9 (VII) Subordinated debt

The following table provides information on the composition of the company's subordinated debt and preference shares. Both loans have terms of more than five years.

Subordinated debt at year-end

In millions of euros	2015	2014
Subordinated debt	879.9	878.8
Preference shares	2.0	2.0
Total subordinated debt	**881.9**	**880.8**

In 2014, Delta Lloyd placed a € 750.0 million fixed-to-floating-rate subordinated note transaction. The fair value of the subordinated perpetual loan at year-end 2015 was € 634.5 million (2014: € 724.5 million). The notes were issued under the existing Delta Lloyd EMTN programme. The notes qualify as higher supplementary capital for Delta Lloyd under IGD. Standard & Poor's Ratings Services has assigned a BBB-rating to the notes.

Perpetual subordinated loan notes with an initial interest rate of 2.5% were issued to finance the acquisition of Nuts OHRA Beheer BV in 1999. The notional amount at year-end 2015 was € 404.7 million (2014: € 404.7 million) and the carrying amount was € 136.0 million (2014: € 136.0 million). The interest rate on the notes was 2.76% at year-end 2015 (2014: 2.76%) and the fair value of the subordinated loan was € 209.2 million (2014: € 270.5 million). On 6 November 2015, Delta Lloyd and Stichting Fonds NutsOhra came to an amendment agreement regarding the convertible subordinated loan. The changes consider primarily the interest payments (deferral thereof) and redemption restrictions for a maximum of three years. The amendment is at the request of Delta Lloyd so the loan can be accounted for as additional capital under Solvency II rules. As compensation for the amendment of the terms Stichting Fonds NutsOhra is entitled to a maximum of € 22.5 million if the maximum three-year restriction term is used. This compensation will be amortised to the income statement over the restriction term.

In the event of bankruptcy, subordinated loans rank lower than other liabilities but higher than preference and other shareholders. The perpetual subordinated loan extended to Stichting Fonds NutsOHRA ranks below other subordinated loans.

4.2.1.10 (VIII) Long-term borrowings

The long-term borrowings relate to the EMTN programme that was issued in 2010.

Statement of changes in borrowings

In millions of euros	2015	2014
At 1 January	573.0	572.4
New borrowings drawn down, net of expenses	0.7	0.6
At 31 December	**573.7**	**573.0**

None of the long-term borrowings fall due within one year and € 573.7 million (2014: € 573.0 million) falls due within five years. The average interest rate on this loan is 4.25% (2014: 4.32%).

4.2.1.11 (IX) Other liabilities

Other liabilities at year-end

In millions of euros	2015	2014*
Tax liabilities	25.4	19.8
Accrued interest	33.7	33.7
Amount owed to Group companies	105.3	299.2
Credit on demand	320.6	558.8
Other	2.8	3.4
Total	**487.8**	**914.8**

* Comparative figures have been reclassified to represent the net deferred tax position (see section 4.1.6.2 'Financial impact of changes in accounting policies and reclassifications').

As in 2014, all other liabilities are payable within one year.

Tax assets and liabilities at year-end

In millions of euros	2015	2014*
Current tax assets	27.3	32.2
Deferred tax assets	35.8	43.9
Total tax assets	63.1	76.1
Current tax liabilities	25.4	19.8
Total tax liabilities	25.4	19.8
Net tax asset	**37.7**	**56.4**

* Comparative figures have been reclassified to represent the net deferred tax position (see section 4.1.6.2 'Financial impact of changes in accounting policies and reclassifications').

Delta Lloyd NV is the parent company of the Delta Lloyd tax entity. In 2015, € 11.8 million of the deferred tax relates to unused tax losses (2014: € 20.1 million).

Deferred tax assets and liabilities at year-end

In millions of euros	2015	2014
Unrealised gains and losses on investments	0.2	0.2
Unused tax losses	11.8	20.1
Other temporary differences	23.9	23.6
Net deferred tax asset	**35.8**	**43.9**

Statement of changes in deferred tax assets / liabilities

In millions of euros	2015	2014
At 1 January	43.9	25.7
Amounts charged/credited to result	-137.1	212.2
Transfer tax assets within tax entity	129.0	-194.0
At 31 December	**35.8**	**43.9**

The company does not have unrecognised tax losses.

4.2.1.12 (X) Related party transactions

Services provided to related parties

In millions of euros	Income earned in year 2015	Receivable at year-end 2015	Income earned in year 2014	Receivable at year-end 2014
Subsidiaries	251.8	1,186.5	245.6	1,133.4
Total	**251.8**	**1,186.5**	**245.6**	**1,133.4**

Services provided by related parties

In millions of euros	Expenses incurred in year 2015	Payable at year-end 2015	Expenses incurred 2014	Payable at year-end 2014
Subsidiaries	37.4	557.5	40.4	857.9
Total	**37.4**	**557.5**	**40.4**	**857.9**

The related party transactions concern intercompany loans between the holding and Group companies, and the related interest. All related party transactions are at arm's length.

Information on directors’ remuneration is included in the remuneration report (see section 3.3 ‘Remuneration report 2015’) and section 4.1.7.39 ‘Related party transactions’. Within Delta Lloyd, only the Executive Board and the Supervisory Board are considered to be key management, as they are respectively responsible for determining and monitoring the operational and financial policies.

Related party payables are not secured and no guarantees have been received in respect of them. The payables will be settled on normal credit terms. There are no arrears of interest or repayments.

4.2.1.13 (XI) Off-balance sheet commitments

Off-balance sheet commitments at year-end

In millions of euros	2015	2014
Contingent liabilities	4.8	4.8
Total	**4.8**	**4.8**

4.2.1.14 (XII) Employee information

Average number of employees (FTE) during the year

Number in FTE	2015	2014
Permanent staff	1,052	1,060
Temporary staff	238	223
Total	**1,290**	**1,283**

Staff costs for the financial year

In millions of euros	2015	2014
Salaries	72.4	68.8
External staff	45.7	43.9
Social security contributions	8.9	9.7
Pension and post-retirement expenses	33.0	-13.6
Profit sharing and incentive plans	1.3	2.7
Termination benefits	4.0	0.9
Care	1.0	1.4
Other staff costs	13.9	13.9
Total	**180.3**	**127.6**

Details of the remuneration of directors and the Supervisory Board members are given in section 3.3 ‘Remuneration report 2015’ and section 4.1.7.39 ‘Related party transactions’ of the consolidated financial statements.

All staff members are employed by Delta Lloyd Services BV. The costs included in the table above represent recharges to the company from Delta Lloyd Services BV. The recharges are based on allocated staff numbers relating to the Executive Board, corporate staff departments and include all related expenditures.

Pension expenses were negative in 2014 due to past service costs related to the retrenchment of the pension plan. Furthermore, the pension expenses are higher due to the lower discount rate at the beginning of 2015 compared to the beginning of 2014.

4.2.1.15 (XIII) Audit fees

Audit fees in the financial year

In millions of euros	2015	2014
Audit of the financial statements	3.6	2.8
Other audit services	0.9	0.1
Other non-audit services	-	-
Total	**4.6**	**2.9**

4.2.1.16 Subsequent events

On 1 February 2016 the Supervisory Board announced that Executive Board member Onno Verstegen decided to leave the company, in amicable agreement with Delta Lloyd. From that date, Onno Verstegen is no longer an Executive Board member.

Amsterdam, 23 February 2016

Executive Board

Hans van der Noordaa, Chairman

Clifford Abrahams

Ingrid de Graaf

Annemarie Mijer

Supervisory Board

Rob Ruijter, Chairman

André Bergen

Eric Fischer

Jan Haars

Fieke van der Lecq

Clara Streit

4.3 Other information

4.3.1 Dividends and appropriation of result

Delta Lloyd may by law only pay dividend if the share capital and reserves so permits.

Profit appropriation provisions in the articles of association

Article 44, relating to the appropriation of result, if appropriate here, specifies that, first of all, a percentage dividend shall be paid on the preference shares B equal to the average 1-month Euribor plus a premium set by the Executive Board and approved by the Supervisory Board of at least one percentage point but no more than four percentage points, depending on market conditions. The dividend shall be computed on the paid-up part of the nominal amount. If the profit is insufficient to pay this dividend in full, the shortfall shall be distributed from the reserves, except the dividend reserve A and the share premium A (article 44.1).

From the profit remaining after the dividend paid on the preference B shares, a dividend of 2.76% on the paid-up amount of the issued preference shares A shall be added to the dividend reserve A (and if applicable, on the dividend reserve A and the share premium A). If the profit in the year under review is insufficient to make the addition to the dividend reserve A, the provisions below shall not be implemented until the shortfall is extinguished (article 44.2).

From the profit not distributed and added to the dividend reserve A pursuant to articles 44.1 and 44.2, such additions shall be made to reserves as determined by the Executive Board, subject to the approval of the Supervisory Board (article 44.3).

The profit remaining after the above (articles 44.1, 44.2 and 44.3) shall be at the disposal of the General Meeting of Shareholders.

The General Meeting of Shareholders may, on a proposal of the Executive Board approved by the Supervisory Board, resolve that a dividend be paid in full or in part in ordinary shares of the company and not in cash (article 44.9).

Proposed dividend

No final dividend payment will be declared over 2015, besides the interim dividend paid of € 0.42 per ordinary share.

Appropriation of result

Upon approval of the proposed dividend by the General Meeting of Shareholders, the appropriation of result shall be:

Appropriation of result

In millions of euros	2015	2014
Addition to/withdrawal from (-) other reserves	34.1	145.1
Dividend on ordinary shares	94.0	216.1
Total	**128.1**	**361.1**

4.3.2 Independent auditor's report

To: the Shareholders and the Supervisory Board of Delta Lloyd NV

Report on the audit of the financial statements 2015

Our opinion

We have audited the financial statements 2015 of Delta Lloyd NV (the Company or the Group), based in Amsterdam as set out in section 4.1 and 4.2. The financial statements include the consolidated financial statements and the separate financial statements.

In our opinion:

- The consolidated financial statements give a true and fair view of the financial position of Delta Lloyd NV as at 31 December 2015, and of its result and its cash flows for 2015 in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.
- The separate financial statements give a true and fair view of the financial position of Delta Lloyd NV as at 31 December 2015, and of its result for 2015 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2015
- The following statements for 2015: consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' funds and consolidated cash flow statement and
- The notes comprising a summary of the significant accounting policies and other explanatory information

The separate financial statements comprise:

- The separate statement of financial position as at 31 December 2015
- The separate income statement for 2015 and
- 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 Our responsibilities for the audit of the financial statements section of our report.

We are independent of Delta Lloyd NV 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.

Materiality	€42 million
Benchmark used	1.5% of Delta Lloyd NV's Shareholders' funds
Rationale for the benchmark applied	Delta Lloyd NV's equity and solvency, and the ability to pay dividends and meet policyholder liabilities, are key indicators for the users of its financial statements. As such, we have based materiality on the Delta Lloyd NV's Shareholders' funds.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of €2.1 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

Delta Lloyd NV is head of a group of entities. The financial information of this group is included in the consolidated financial statements of Delta Lloyd NV.

Our group audit mainly focused on significant group entities which represent the principal business units within the Group's reportable segments and account for approximately 97% of the Group's total shareholders' funds and approximately 91% of the Group's profit before tax. We have:

- Performed audit procedures at group entities: Delta Lloyd Levensverzekering, Delta Lloyd Schadeverzekering, Delta Lloyd Asset Management Holding, Delta Lloyd Bank, Amstelhuys, Delta Lloyd ABN AMRO Verzekeringen Holding, Delta Lloyd Life Belgium
- Performed review procedures at Delta Lloyd Bank Belgium
- Used the work of non-EY auditors when performing review procedures on entity Delta Lloyd Germany and
- Performed review procedures or specific audit procedures at the other group entities

The Delta Lloyd Group audit team provided detailed instructions to each component team to serve as the basis for audit procedures to be performed, which included areas of audit emphasis. We also executed oversight visits to select component teams and engaged in regular communication intended to confirm that the audit progress and findings for each of the in-scope locations were discussed between the Delta Lloyd Group audit team and the component team. By performing the procedures mentioned above at group entities, together with the procedures at Delta Lloyd Group level, we have been able to obtain sufficient and appropriate audit evidence regarding the Group's financial information as a whole to provide a basis for our opinion on 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 Audit Committee. 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.

Key audit matter	Our audit response
Fair value measurement of investments and related disclosures	
The Group invests in various asset classes, of which 81% is carried at fair value in the balance sheet. Of these assets, 17% is related to investments for which no published prices in active markets are available (e.g. for mortgages, real estate, private equity investments, derivatives and for non-listed bonds or equities). Valuation techniques for these investments can be subjective in nature and involve various assumptions regarding pricing factors. With regard to Level 3 assets, the use of different valuation techniques and assumptions could produce significantly different estimates of fair value. Risk management disclosure about methods and assumptions is complex and its quality is dependent on the underlying data. Specific areas of audit focus include the valuation of fair value assets where valuation techniques are applied in which unobservable inputs are used.	We assessed and tested the design, existence and operating effectiveness of the controls over valuation, including independent price verification and model approval. We performed additional procedures for areas of higher risk and estimation such as mortgages, real estate, private equity investments, derivatives and non-listed bonds or equities with the assistance of our valuation specialists. This included, where relevant, comparison of judgments made to current and emerging 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 assessed and tested the design, existence and operating effectiveness of the controls over related disclosures including fair value hierarchy and valuation sensitivity in note 4.1.7.37.

Key audit matter	Our audit response
Estimates used in calculation of insurance liabilities, DAC and Liability Adequacy Test (LAT)	
The Group has significant insurance liabilities of € 46 billion representing 65% of the Group's total liabilities. The measurement of insurance liabilities involves significant judgment over uncertain future outcomes, mainly the ultimate total settlement value of the insurance liabilities, including any guarantees provided to policyholders. Various economic and non-economic assumptions are being used to estimate these long-term liabilities. Specifically, the Group uses current market interest rates to measure the insurance liabilities for most of its products in the Netherlands and Belgium (life and long tail non-life). The Group uses the Collateralized AAA curve as approximation for current market interest rates, including an Ultimate Forward Rate (UFR) after the last liquid point. The valuation of the insurance liabilities in relation to the Netherlands' and Belgium life and pension business requires the application of significant judgment in the setting of longevity, expense and lapse assumptions. For Delta Lloyd Life Belgium, the adequacy test shows a deficit and, consequently, is the LAT minimum is the basis for valuation of its insurance liabilities. Therefore, changes in estimates and assumptions used in the liability adequacy test directly impact the income statement.	We involved our own actuarial specialists in performing the audit procedures in this area, which included among others: • Consideration of the representativeness of the Collateralized AAA curve as current market interest, by reviewing developments in the universe of the collateralized AAA bonds and developments in the public domain. • Consideration of the appropriateness of the longevity, expense and lapse assumptions used in the valuation of the individual life and pension liabilities by reference to Company and industry data and expectations of future longevity, expense and lapse developments. Further, we audited the Group's IFRS liability adequacy test results which is a key test performed in order to ensure that insurance liabilities, net of deferred acquisition cost, are adequate. Our work on the IFRS LAT includes assessing the reasonableness of the projected cash flows and challenging the assumptions adopted, including those for expenses and lapses, based on Company's and industry experience data, expected market developments and trends. Key audit procedures included assessing the Group's methodology for calculating the insurance liabilities and an assessment of internal controls in this respect, including the analysis of the movements in insurance liabilities during the year. We assessed whether the movements are in line with the changes in assumptions adopted by the Group, our understanding of developments in the business and our expectations derived from market experience. We considered whether the Group's disclosures in notes 4.1.7.28 and 4.1.7.25 of the financial statements regarding the insurance contract liabilities are compliant with the relevant accounting requirements.

Key audit matter	Our audit response
Solvency	
IGD/Solvency I In the capital management section (section 4.1.7.2) of the financial statements, the Company discloses the capital position of its insurance activities in accordance with Solvency I which was effective as at 31 December 2015. These disclosures contain information on the capital position of the Group on a regulatory basis (IGD) compared to IFRS. In the calculation of the Solvency I ratio of the Group, the surplus between the fair value and book value of the mortgage portfolio of the insurance entities within the Group is taken into account. The determination of fair value of the mortgage portfolio is sensitive to the assumptions used, especially the discount rate, which requires the application of judgment.	We involved our actuarial specialists in performing our audit procedures with regard to the Solvency I calculation, which included among others consideration of the fair value methodology applied for the mortgages portfolios, the models used, and the assumptions applied. We assessed the design and operating effectiveness of the internal controls over the IGD calculation. This included interpretation of guidelines, comparison of judgments made to current and emerging market practice and re-performance of calculations on a sample basis.
Solvency II In its report, the Executive Board of the Group also provided information on its capital position under the new supervisory regime Solvency II, which came into force on 1 January 2016. The Solvency II ratio mentioned in that report is based on the Standard Formula. As disclosed in section 2.1 of the Report of the Executive Board, there continue to be some uncertainties in the interpretation of the Solvency II requirements. These uncertainties can materially impact the Solvency II ratio disclosed.	We involved our actuarial specialists to assist us in performing limited procedures on the information on Solvency II ratio disclosed in the Report of the Executive Board. Our procedures focused on technical provisions and deferred taxes under Solvency II. We did not perform audit procedures in order to provide assurance on the ratio disclosed.

Key audit matter	Our audit response
Unit-linked exposure	
Following the public debate that began in 2006 around the lack of transparency concerning unit-linked insurance contracts sold in the Netherlands where the customer bears all or part of the investment risk and the level of costs associated with these products, the Group entered into agreements in 2008 and 2010 with consumer and investor interest groups. The agreements include the implementation of standardized charges for individual, privately-held unit-linked insurance products concluded in the past. In 2013, the “Wabeke” provision was allocated to the individual policies and included in the insurance liabilities. Management informed us that - besides a very small number of complaints filed at the Klachteninstituut Financiële Dienstverlening (Kifid) and one individual claim filed in court - there are currently no claims filed or proceedings initiated against the Group, individually by policyholders or by consumer-interest organizations on their behalf. However, holders of unit-linked products, or consumer protection organizations on their behalf, have filed claims or initiated proceedings against other insurers and may continue to do so. A negative outcome of such claims and proceedings in respect of unit-linked products, settlements or any other actions for the benefit of customers by other insurers and sector-wide measures could have a significant impact for the Group relating to compensation. It is inherently difficult to predict the outcome of these developments and the impact on the insurance sector as a whole, including the Group.	We performed audit procedures in this area, which included: • An assessment of the Group’s governance, processes and internal controls with respect to unit-linked customer complaints within its operating companies, in particular for Delta Lloyd Levensverzekering in the Netherlands. • A review of and discussion on the documentation of the unit-linked exposures with management; • Consideration of the recognition and measurement requirements for establishing provisions under the Group’s accounting framework. We also considered whether the Group’s disclosures in respect of this legal exposure is compliant with the relevant accounting requirements. We focused on the adequacy of disclosure of the related risks and assumptions in notes 4.1.7.25 and 4.1.7.35 to the financial statements.

Key audit matter	Our audit response
Investigations of De Nederlandse Bank and Authority for the Financial Markets	
De Nederlandsche Bank (DNB) and Autoriteit Financiële Markten (AFM), as regulatory authorities in insurance and financial markets in the Netherlands, undertook investigations in relation to the Group's internal risk and governance rules. Based on these investigations, regulatory authorities concluded on some faults in the Group's internal risk and governance rules in particular in relation to execution of investment transactions. Delta Lloyd has disclosed the fine and court ruling related to these investigations in note 4.1.7.35.	We assessed the legal documentation related to the matter, including the ruling of the court, and the correspondence of regulators and advisors to determine the impact on our audit. We evaluated the changes to governance and the internal control environment implemented by the Group. As part of our audit we assessed and tested the design, existence and operating effectiveness of the related internal controls. In addition we performed substantive testing of a sample of significant investment transactions. Also we verified the accounting of the fine in accordance with the Group's policies. We assessed the adequacy of the disclosure of this matter, including the fine in note 4.1.7.35 in accordance with the relevant accounting requirements.
Reliability and continuity of electronic data processing	
Delta Lloyd is strongly dependent on its IT-infrastructure for the continuity of the business processes. In the last few years, Delta Lloyd invested in the improvement of IT-hardware, systems and processes, and the security, reliability and continuity of electronic data processing including its defense against cyber-attacks. Delta Lloyd has IT disaster recovery plans and a twin data center concept in place that were tested in 2015. Reference is made to note 4.1.7.1 of the financial statements.	We assessed the reliability and continuity of electronic data processing only to the extent necessary within the scope of the audit of the financial statements. Our work consisted of assessing the developments in the IT infrastructure and applications and testing of relevant internal controls related to IT infrastructure, applications and IT management processes.

Responsibilities of management 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 Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Report of the Executive Board in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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 frameworks mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless management 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 the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board.
- Concluding on the appropriateness of the Executive Board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company ceasing to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Report on other legal and regulatory requirements

Report on the management board report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch 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 Dutch Civil Code, and whether the Other information as required by Part 9 of Book 2 of the Dutch 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 engaged by the Audit Committee of the Supervisory Board as auditor of Delta Lloyd NV on 14 May 2008 and have operated as statutory auditor since that date.

Amsterdam, 23 February 2016

Ernst & Young Accountants LLP

Signed by J. Niewold

5 GENERAL INFORMATION

5.1 Colophon

Due to the extraordinary circumstances ahead of the rights issue announced in November 2015, Delta Lloyd is publishing both an annual report for 2015 and an annual review. The audited information in the annual report will be used in the prospectus for the intended rights issue.

The 2015 annual report coincides with publication of our full-year figures for 2015. It provides an overview of Delta Lloyd's financial performance, Solvency II position, strategy and corporate governance. With this information our shareholders can make an informed decision about the planned rights issue ahead of the Extraordinary General Meeting on 16 March.

The annual review 2015 gives a more detailed, integrated view of our financial and non-financial performance, as well as in-depth information about our 'Closer to the customer' strategy and how we are putting it into action to make a sustainable difference to society. The annual review will contain the sustainability report and is available online and as a downloadable PDF from 23 March 2016. Together, the annual report and annual review provide our customers, investors and employees with a comprehensive overview of Delta Lloyd during 2015 and our vision for the future.

The annual report and annual review are posted on www.deltalloyd.com and published in English. A Dutch summary of the annual review is available on this website from 8 April 2016. More details on Delta Lloyd, our brands, personal details of the Executive Board and our management and the addresses of our office locations are posted on www.deltalloyd.com.

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5.2 Glossary

Acquired value of in-force business (AVIF)
The present value of future profits on a portfolio of insurance and investment contracts acquired either directly, or through the purchase of a subsidiary, is recognised as an intangible asset.

Acquisition costs
Fixed and variable costs arising from writing insurance contracts.

Actuarial gains and losses
These comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions.

Amortised cost of financial asset or financial liability
The amount at which the financial asset or financial liability is measured at initial recognition less any principal repayments plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

Asset and liability management (ALM)
The process Delta Lloyd uses to gain insight into mutual dependencies in the development of its assets and liabilities, with the aim of limiting market risks while at the same time achieving the highest possible return within those limits.

Associates
Entities over which Delta Lloyd has significant influence but does not control. Generally, it is presumed Delta Lloyd has significant influence where it has between 20% and 50% of the voting rights.

Available for sale (AFS)
This is a category of financial assets, other than derivative financial instruments, designated as available for sale or that are not classified as loans, held-to-maturity investments, or financial assets at fair value through profit or loss. They are measured at fair value with gains and losses recognised through equity.

Basel III
Recommendations on banking laws and regulations issued by the Basel Committee on Banking Supervision.

Claims ratio
The claims ratio is claims, including claims handling costs, expressed as a percentage of net written premiums.

Collateralised AAA curve
Delta Lloyd defines the discount curve for the majority of its insurance liabilities as the higher of the DNB swap curve and a yield curve derived from collateralised AAA euro-area bonds. This composite curve is known as the Collateralised AAA curve.

Collateralised debt/loan obligation (CDO or CLO)
The general term for a type of debt or loan obligation secured on collateral consisting mainly of receivables, such as a group of mortgages.

Combined operating ratio
A measure of profitability used by an insurance company to indicate how well it is performing in its daily operations. A ratio below 100% indicates that the company is making underwriting profit while a ratio above 100% means it is paying out more money in claims that it is receiving from premiums. The combined operating ratio is calculated by taking the sum of incurred losses and expenses and dividing this by earned premium.

Commercial paper
A tradable loan issued by a financial institution or large enterprise with a term of usually less than two years, and in general between one and six months, and which is not secured.

Control
Delta Lloyd has control of an (structured) entity if it (a) has power over the entity; (b) is exposed, or has rights, to variable returns due to its involvement in the relevant activities of the entity; and (c) has the ability to use its power to affect the level of return, reflecting a link between power and return.

Coverage ratio (pensions obligation)
The investments divided by defined benefit obligation.

Capital Requirement Directive IV (CRD IV)
An European Union legislative package to bring the regulatory standards on bank capital adequacy and liquidity of the Basel Committee on Banking Supervision into European law.

Credit default swap
A contract between two parties under which the credit risk is transferred from a third party.

Credit risk
The risk that one party to a financial instrument will cause a financial loss for the other party by failing to fulfill an obligation.

Currency risk
The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Deferred acquisition costs (DAC)
Costs directly attributable to the acquisition of new business for insurance and participating investment contracts are deferred provided they are covered by future margins on these contracts. Acquisition and selling costs for non-participating investment contracts and investment management contracts that are directly attributable to securing investment management services are also deferred.

Defined benefit obligation (DBO or DB)
Pension plan other than a defined contribution plan. The amount to be paid for the pension entitlement is set using a formula that is usually based on the employee's income and/or length of service.

Defined contribution plan (DC)
Pension plan under which an entity (a company) pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to meet its obligations to its current and future beneficiaries.

Delta Lloyd
Delta Lloyd NV and its subsidiaries.

Delta Lloyd Security List
Internal list of the maximum exposure per reinsurance counterparty.

Derivative financial instruments
Derivative financial instruments include foreign exchange contracts, interest rate futures, currency and interest rate swaps, currency and interest rate options (both written and purchased), swaptions and other financial instruments that derive their value mainly from underlying interest rates, foreign exchange rates, commodity values or equity instruments.

Diluted earnings per ordinary share
This is calculated by dividing the net result for the period attributable to holders of ordinary shares by the weighted average number of ordinary shares in issue adjusted for dilutive potential ordinary shares, such as convertible bonds and share options.

Dilution
A reduction in earnings per share or an increase in loss per share resulting from the assumption that convertible instruments are converted, that options or warrants are exercised, or that ordinary shares are issued subject to the satisfaction of specified conditions.

Discretionary participating contracts
Contracts with discretionary participating features (DPF) are contracts in which policyholders are assigned an entitlement to a profit share of which the timing and/or level is at the insurer's discretion in addition to their entitlement to a guaranteed element. Delta Lloyd is entitled to decide whether this additional return is distributed to the policyholders or the shareholders, subject to the contract terms and conditions.

Earnings per ordinary share
This is calculated by dividing the net result attributable to holders of ordinary shares after deduction of the preference share dividend for the period by the weighted average number of ordinary shares in issue during the period, excluding the weighted average number of ordinary shares purchased by Delta Lloyd and held as treasury shares.

Economic capital
Unlike external minimum capital requirements, such as those imposed by regulators, economic capital refers to the amount of capital that Delta Lloyd needs, according to its own insights, to absorb economic risks. The economic capital is the total capital employed according to a valuation of assets and technical obligations based on economic principles. The required economic capital is the required solvency level, based on the internal models of Delta Lloyd, to meet its obligations over a one-year period with at least 99.5% probability.

Effective interest method
A method of calculating the amortised cost of a financial asset or a financial liability and allocating the interest income or interest expense over the relevant period.

Embedded value (EV)
Embedded value comprises the market value of the freely distributable shareholders' funds (net worth) and the present value of the expected future results on the life insurance portfolio itself (value of in-force).

Equity method
A method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. The profit or loss of the investor includes the investor’s share of the profit or loss of the investee.

Euro over Night index average (Eonia)
Eonia is the one-day interbank interest rate for the euro zone. Hence it is the rate at which banks provide loans to each other with a duration of one day.

EU carve-out
The EU created a ‘carve-out’ in 2005 from certain aspects of the IAS 39 hedge accounting rules to ease hedge accounting. The following aspects were carved out: hedges of prepayment risk in macro fair value hedges; hedges where the hedged risk is lower than that represented in the hedging instrument (also known as the sub-LIBOR issue); and the ability to apply fair value hedge accounting to demand deposits.

Fair value
The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial reporting risks
The risk that Delta Lloyd’s financial statements contain a material error. Financial reporting risk includes reserving risk and the risk that the insurance liabilities of the life, non-life and investment business are not adequately determined and reported.

Financial risk
Financial risk means the uncertainty of a return and the potential for monetary loss. Financial risk includes credit risk, equity risk, property risk, inflation risk, interest rate risk, currency risk, insurance risk and liquidity risk.

Goodwill
The positive difference between the cost of an acquired activity and Delta Lloyd’s share in the fair value of the assets, liabilities and contingent liabilities of the acquired subsidiary on the acquisition date.

Gross written premiums
Total premiums (earned or unearned) in a given period on insurance and reinsurance contracts (including deposits for investment contracts with no or limited life insurance features).

Gudrun index
An index used to value commercial property in Belgium.

Held for sale
A business or group of assets for which the carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Incurred but not reported (IBNR) provision
A provision for claims that have occurred by the reporting date but have not yet been reported to the insurer.

Insurance contract
A contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder in exchange of a premium.

Insured event
An uncertain future event that is covered by an insurance contract and creates insurance risk.

Interest rate risk
The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates or the Collateralised AAA curve.

International Financial Reporting Standards (IFRS)
Reporting standards and interpretations for companies adopted by the International Accounting Standards Board (IASB). These comprise:

- International Financial Reporting Standards (IFRS);
- International Accounting Standards (IAS); and
- Interpretations by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).

Investment contracts
Any contract not included in the scope of IFRS 4 is classified as an investment contract and treated as a financial instrument. Investment contracts can be reclassified as insurance contracts after inception if the insurance risk becomes significant.

Joint control
The contractually-agreed sharing of control over an economic activity that exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

Joint venture

See joint control.

Lapse risk

The risk that policyholders will terminate their insurance contracts earlier or, more often, before the expiry date. The stress test assumes an increase in the lapse rate, meaning a decline in future profits and earlier benefit payments. This only affects the Life business, due to the permanent character of Life contracts. Most general insurance contracts are short-term contracts (usually one year).

Lease

An agreement where the lessor transfers the right to use an asset for an agreed period to the lessee in return for a series of payments.

Legal and regulatory risk

The risk of not complying with laws, regulations and Delta Lloyd's own policies and procedures, including risks related to legal proceedings, compliance and tax.

Liquidity coverage ratio

A ratio showing how sufficient the liquid stock of assets is in case of a stress situation (e.g. mass lapse, catastrophe).

Liquidity risk

The risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

Longevity risk

The opposite effect of mortality risk. The effects of a further improvement in life expectancy over and above the expected improvement already built into the current prognoses. These effects lead to higher benefit costs for annuities and lower payments under term life policies.

Market risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Method and assumption setting cycle (MASC)

In this cycle, all methods and assumptions used to determine provisions and the liability adequacy tests are adjusted and validated.

Monte Carlo simulation model

A mathematical model that provides a range of outcomes and the probabilities they will occur for any choice of action.

Mortality risk
The opposite effect of longevity risk. The mortality figure may undergo an extreme increase as a result of external factors (e.g. a worldwide pandemic). This leads to accelerated payment of traditional life insurance policies, an increase in payments under term life policies and a possible decrease in benefits paid under annuities.

Mortgage-backed securities (MBS)
Mortgage-backed securities are securities where the cash flows are covered by the principal and/or interest payments in a portfolio of mortgages.

Net investment income
Investment income consists of cash and stock dividends, interest and rental income receivable for the year, fair value changes in investments through profit or loss, impairment charges on available-for-sale investments, impairment charges on loans and receivables at amortised cost, and gains and losses on the sale of investments.

Net written premiums
Gross written premiums less reinsurance premiums paid in a given period.

Non-controlling interest
That portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned directly by Delta Lloyd NV or indirectly through subsidiaries.

Operational risk
The risk that losses may occur from inadequate or malfunctioning of internal processes or systems, human error, criminal behaviour or external events and risks relating to matters such as fraud and crime prevention, personnel, IT/infrastructure, business protection, projects and programmes, business processes, third parties and distribution.

Over-the-counter (OTC) instrument
Non-standard financial instruments that are not exchange traded but negotiated directly between market parties.

Phantom option
A conditional option that entitles the holder to receive in cash the increase in value of a ‘performance unit’ measured from the date of grant until the date of exercise.

Premiums earned
The portion of net written premiums in the current and previous periods that relate to the expired part of the term or the policy, calculated by deducting movements in the provision for unearned premiums and unexpired risks from the net premiums.

Provision for unearned premiums

The proportion of written premiums, gross of commission payable to intermediaries, attributable to subsequent periods.

Proxy curve

The curve composed on the basis of credit curves with similar credit rating in the same industry sector and industry group.

Realistic net asset value

The value of shareholders' funds when all assets and liabilities have been measured on an economic basis.

Receiver swaption

A receiver swaption entitles the buyer to enter into a swap where a fixed interest rate is received on a principal sum and a variable interest rate is paid on the same principal sum. The seller of a receiver swaption undertakes, upon the exercise of the swaption by the buyer on the exercise date, to enter into a swap where the seller pays a fixed interest rate on the principal sum in exchange for a variable interest rate on the same principal sum. The seller receives a premium for entering into the swaption.

Repurchase agreement

Contract under which parties commit to sell bonds or equities to each other at a given time and to trade those securities in the opposite direction in the future.

Share premium

Calls paid on shares in excess of the nominal value.

Silo

A silo is part of an entity, for which control is assessed as if it were a separate entity, when all of the following criteria are met:

- specified assets of the entity are the only source of payment for specified liabilities of (or other interests in) the entity and
- apart from the party with the specified liability of the silo, other parties do not have rights or obligations related to the specified assets or to residual cash flows from the assets.

Significant influence

The power to participate in the financial and operating policy decisions of an entity, but not to exercise control over those policies. Significant influence may be gained by share ownership, by law or under an agreement.

Solvency II

The new regulatory framework for insurance companies operating in the European Union.

Stadim index
An index used to value residential property in Belgium.

Strategic risk
The risk that targets are not achieved because the business units of Delta Lloyd fail to respond, or respond inadequately, to changes in the business environment and risks related to matters such as mergers and acquisitions, brands and reputation, risk management, audits, corporate social responsibility, climate, customers and communications.

Structured entity
An entity that has been designed so that voting rights are not the dominant factor in deciding who controls the entity, for example when any voting rights relate to administration tasks only and the relevant activities are directed by means of contractual agreements.

Subrogation
Some insurance contracts allow Delta Lloyd to pursue third parties for payment of some or all costs (income from subrogation).

Subsidiary
An entity, including an entity without legal personality such as a partnership, over which another entity (the parent) exercises control.

Ultimate forward rate (UFR)
The UFR is the fixed forward discount rate, after the last liquid point in the swap futures

Unit-linked contracts
Contracts where savings are invested in investment funds. The savings are used to purchase units. There is often a choice between equity, bond and mixed funds.

Vesting conditions
The conditions that employees must satisfy to become entitled to receive cash or equity instruments of Delta Lloyd, under the share-based payment arrangements. Vesting conditions include service conditions, which require the employee to complete a specified period of service, and performance conditions, which require specified performance targets to be met.

5.3 Abbreviations

A&E	Asbestos and environmental pollution claims
ABC	Activity-based costing
ABS	Asset Backed Securities
AC	Audit Committee
AFM	Financial Markets Authority *(Autoriteit Financiële Markten)*

AFS	Available for sale
AG	Dutch Society of Actuaries (*Actuarieel Genootschap*)
ALCO	Asset & Liability Committee
ALM	Asset & Liability Management
APF	General pension fund (*Algemeen Pensioen Fonds*)
AuM	Assets under management
AVIF	Acquired value of in-force business
BMO	Business Management Objective
Bps	Basis points
CAO	Collective labour agreement (*Collectieve Arbeids Overeenkomst*)
CBS	Statistics Netherlands (*Centraal Bureau voor de Statistiek*)
CDO	Collateralised debt obligation
CFO	Chief Financial Officer
CLO	Collateralised loan obligation
Coll-AAA curve	Collateralised AAA curve
COR	Combined operating ratio
CRD IV	Capital Requirement Directive IV
CRO	Chief Risk Officer
DAC	Deferred Acquisition Costs
DBO/DB	Defined Benefit Obligation
DC	Defined Contribution plan
DCGC	Dutch Corporate Governance Code
DLAM	Delta Lloyd Asset Management
DLL	Delta Lloyd Levensverzekering
DLS	Delta Lloyd Schadeverzekering
DNB	Dutch Central Bank (*De Nederlandsche Bank NV*)
DPF	Discretionary participating features

ECB	European Central Bank
EGM	Extraordinary General Meeting
EIOPA	European Insurance and Occupational Pensions Authority
EONIA	Euro OverNight Index Average
EMTN	Euro Medium Term Note
EV	Embedded value
FTE	Full-time equivalent
FVTPL	Fair value through profit or loss
GAAP	Generally accepted accounting principles
GRAS	Group Risk Appetite Statement
GSB	Separate Investment Portfolio *(Gesepareerde Beleggingsdepot)*
HFT	Held for Trading
HRM	Human Resource Management
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IBNR	Incurred but not reported
IFRIC	International Financial Reporting Interpretations Committee
IGD	Insurance Group Directive
IFRS	International Financial Reporting Standards
IM	Internal Model
LAC DT	Loss Absorbing Capacity of Deferred Tax
LAT	Liability adequacy test
LCR	Liquidity coverage ratio
LLP	Last Liquid Point
LTMV	Loan To Market Value
MASC	Method and Assumption Setting Cycle
NAPI	Net Annual Premium Income

NBB	National Bank of Belgium
NBM	New business margin
NHG	National Mortgage Guarantee (*Nationale Hypotheek Garantie*)
NVB	*Nederlandse Vereniging van Banken* (Dutch Bankers' Association)
NYSE Euronext	New York Stock Exchange Euronext
OCI	Other comprehensive income
OIS	Over Night Index Swap
ORSA	Own Risk and Solvency Assessment
OTC	Over-the-counter
OTT	Other than Trading
PIM	Partial Internal Model
pp	Percentage points
PPI	Premium Pension Institution (*premiepensioeninstelling*)
RGA	Reinsurance Group of America
RICS	Royal Institution of Chartered Surveyors
RMBS	Residential mortgage-backed security
RMS	Risk Management Solutions (catastrophe model)
SF	Standard Formula
SIC	Standing Interpretations Committee
SPV	Special purpose vehicle
S&P	Standard & Poor's ratings services
UFR	Ultimate forward rate
VIP-is	Variable Incentive Plan for identified staff
VIP-om	Variable Incentive Plan for other managers
VIU	Value in use
WAO	Occupational Disability Insurance Act (*Wet op de arbeidsongeschiktheids-verzekering*)

Wft	Financial Supervision Act (*Wet op het financieel toezicht*)
WIA	Work and Income (Capacity for Work) Act (*Wet werk en inkomen naar arbeidsvermogen*)

5.4 Disclaimer

Certain statements contained in this annual report that are not historical facts are "forward-looking statements". Forward-looking statements are typically identified by the use of forward looking terminology such as “believes”, “expects”, “may”, “will”, “could”, “should”, “intends”, “estimates”, “plans”, “seeks”, “assumes”, “anticipates”, “continues”, “annualised”, “goal”, “target” or “aim” or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy that involve risk and uncertainties. The forward-looking statements in this annual report are based on management’s beliefs and projections and on information currently available to them. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond Delta Lloyd's control and all of which are based on management's current beliefs and expectations about future events.

Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. Delta Lloyd undertakes no duty to and will not update any of the forward-looking statements in light of new information or future events, except to the extent required by applicable law. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties facing Delta Lloyd and its subsidiaries. Such risks, uncertainties and other important factors include, among others: (i) changes in the financial markets and general economic conditions, (ii) changes in competition from local, national and international companies, new entrants in the market and self-insurance and changes to the competitive landscape in which Delta Lloyd operates, (iii) the adoption of new, or changes to existing, laws and regulations including Solvency II, (iv) catastrophes and terrorist-related events, (v) default by third parties owing money, securities or other assets on their financial obligations, (vi) equity market losses, (vii) long- and/or short-term interest rate volatility, (viii) illiquidity of certain investment assets, (ix) flaws in underwriting assumptions, pricing and/or claims reserves, (x) the termination of or changes to relationships with principal intermediaries or partnerships, (xi) the unavailability and unaffordability of reinsurance, (xii) flaws in Delta Lloyd’s underwriting, operating controls or IT systems, or a failure to prevent fraud, (xiii) a downgrade (or potential downgrade) of Delta Lloyd’s credit ratings, and (xiv) the outcome of pending, threatened or future litigation or investigations, or other factors referred to in this annual report.

Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, Delta Lloyd‘s actual financial condition or results of operations could differ materially from those described herein as anticipated, believed, estimated or expected.