



SRLEV NV

Interim Report 1st half year of 2015

VIVAT
VERZEKERINGEN

Zwitserleven



Zelf



Reaal 

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1 Report of the Executive Board

1.1 Key Figures

Result

In € millions	1st half year 2015	Full year 2014	1st half year 2014	2nd half year 2014
Result				
Net premium income	953	2,176	1,192	984
Investment income	601	1,383	738	645
Investment income for account of policyholders	591	2,159	1,082	1,077
Other income	11	-14	-73	59
Total income	2,156	5,704	2,939	2,765
Total expenses	2,037	6,394	3,237	3,157
Result before taxation	119	-690	-298	-392
Taxation	29	-172	-75	-97
Net result	90	-518	-223	-295

Financial position and ratios

In € millions	30 June 2015	31 December 2014	30 June 2014
Statement of financial position			
Total assets	57,708	58,259	55,649
Investments	34,406	34,769	33,169
Investments for account of policyholders	14,826	14,559	14,201
Loans and advances to banks	270	321	366
Total equity	2,222	2,134	2,453
Insurance contracts	44,499	44,943	42,094
Amounts due to banks	1,402	1,504	1,530
Ratios			
New annual premium equivalent (in € millions)	146	260	210
Operating cost/premium ratio REAAL	14.7%	15.2%	14.4%
Operating cost/premium ratio Zwitterleven	13.7%	15.1%	11.7%
Regulatory solvency (SI) VIVAT NV	149%	136%	163%
Regulatory solvency (SI) SRLEV NV	156%	141%	173%

1.2 Highlights during the first half year of 2015

The highlights during the first half year of 2015 are:

- On 16 February 2015, SNS REAAL NV announced the completion of the sale of VIVAT NV (formerly REAAL NV) to Anbang Group Holdings Co Ltd. (Anbang). By 30 June 2015, VIVAT NV was still a 100 percent subsidiary of SNS REAAL NV.
- On 23 October 2015, in accordance with the SPA and the Declaration of No Objection, VIVAT NV received a capital injection of € 1.35 billion from Anbang. As a result of the capital injection, the Solvency I ratio of VIVAT NV will increase to 233 percent (based on pro forma 30 June 2015 figures) and the Solvency II ratio to above 150 percent (based on standard model pro forma 30 June 2015 figures).
- First half year 2015 net profit is € 90 million compared to an € 223 million loss in the first half year of 2014. The first half year underlying net result of 2015 of € 35 million is higher than the first half year of 2014 underlying net result of € 22 million.
- The market circumstances are still challenging due to the historic low interest rates, low economic growth and shrinking markets.

For SRLEV NV, it is the first time that interim financial statements are prepared. The interim financial

In € millions	30 June 2015	31 December 2014
Regulatory solvency - VIVAT NV	149%	136%
Regulatory solvency - SRLEV NV	156%	141%
Available regulatory capital	2,251	2,058
Capital requirement	1,443	1,465

Solvency II

For internal purposes, SRLEV NV calculates the Solvency II position on a monthly basis. As Solvency II is not required in 2015, a shortened reporting process is followed, rather than the full reporting process. SRLEV NV calculates and reports Solvency II figures based on the standard model.

statements are prepared in relation to the planned issuance of debt by SRLEV NV.

1.3 Financial performance

SRLEV NV posted a net profit of € 90 million compared to a loss of € 223 million for the first half year of 2014. In the first half year of 2014 the result was impacted by € 245 million of one-off items, mainly through an addition to the technical provision related to the LAT shortfall (€ 286 million). First half year 2015 net result of € 90 million was positively affected by a result of the investment portfolio and hedges (€ 41 million) and a positive result of the LAT (€ 14 million).

1.3.1 Capital position

Solvency I

The regulatory solvency of SRLEV NV (the legal entity that encompasses the majority of the Life insurance business) increased from 141 percent at year-end 2014 to 156 percent at the end of June 2015. Main cause for this improvement was the fact that yields on our AAA government bonds have risen more slowly than the swap curve used to value the insurance liabilities. This trend in market parameters ensured that the market value of the investments decreased less than the market value of liabilities, thus increasing available capital.

SRLEV NV's required and available capital (own funds) under Solvency II are determined on the basis of information at 30 June 2015 and year-end 2014. The Delegated Acts¹ of October 2014 have been used as a starting point. The further development of the Level 3 breakdowns, for example, may yet lead to significant changes in the methodology used and therefore might

¹ Commission Delegated Regulation 2015/35 containing implementing rules for Solvency II.

have significant impact on the Solvency II position of SRLEV NV in comparison to the Solvency II capital ratios as set out herein.

The yield curve used as at 31 December 2014, including the Ultimate Forward Rate (UFR), Credit Risk Adjustment (CRA) and Volatility Adjustment (VA), has been supplied by DNB. The yield curve used per 30 June 2015 has been supplied by EIOPA. When calculating the capital position under Solvency II, SRLEV NV makes use of the possibility of applying long-term guarantee measures. SRLEV NV applies the VA. SRLEV NV does not apply the Matching Adjustment (MA). SRLEV NV might apply the MA in 2015 or later.

When determining the Solvency II capital ratio, the loss absorbing capacity of deferred tax assets may be set off

Solvency II

	30 June 2015	31 December 2014
Own funds (in € millions)	2,437	2,356
Solvency Capital Requirement (in € millions)	2,185	2,306
Solvency II Ratio	112%	102%

Based on the standard model, SRLEV NV's Solvency II-ratio, which was calculated using the parameters known to date, was approximately 102% per year-end 2014. In the first half year of 2015 the Solvency II ratio increased to approximately 112%. The final required parameters will be adopted at European level in 2015 and 2016, which is why the Solvency II-ratio at year-end 2014 and on 30 June 2015 were uncertain to a degree. Among the risk factors are the following: sensitivity for Volatility Adjustment; Credit Risk Adjustment; Ultimate Forward Rate impact; tax recoverability treatment by DNB.

Market sensitivity of regulatory Solvency I

The sensitivity of regulatory solvency (Solvency I) is a measure used internally for risk management purposes.

against the required capital (SCR). In that case, it is necessary to demonstrate that, following a loss of the same scale as the (pre-tax) SCR shock, future profits will be sufficient to be able to recover the deferred tax asset created by that loss. Tax offsetting in the SCR has not been applied in calculating SRLEV NV's SCR.

The classification of the hybrid capital of SRLEV NV into Tier 1 and Tier 2 capital is based on SRLEV NV's interpretation of the transitional measures contained in the level 1 regulations as known in January 2015.

As at 30 June 2015 and year-end 2014, the Solvency II ratios of SRLEV NV are indicated below.

The post-stress Solvency I (including after market stress) is calculated every month, applying shocks in the areas of interest rates, credit spreads, equities and real estate.

The sensitivity of the regulatory solvency of SRLEV NV is shown in the table below. The most important risks are interest rate risk and spread risk (credit spreads). Sensitivity to interest rates is measured by means of a parallel movement in the yield curve. In reality, movements in the curve are not parallel, and so the interest rate shock is only indicative in nature.

Market sensitivity regulatory Solvency I ratio

In percentages

	30 June 2015 ¹	31 December 2014
Interest rates -1%	-6%	-1%
Interest rates +1%	2%	-2%
Credit spreads Corporate Bonds +0.5%	-9%	-9%
Credit spreads Sovereign Bonds +0.5%	-6%	-3%
Equity prices -10%	-2%	-2%

¹ Sensitivities are calculated per 29 May 2015. Expectation is that these sensitivities do not differ significantly from 30 June 2015.

The low interest rate and spread sensitivity is attributable to the derisking measures taken in the past year with continuous effect in the first half year of 2015. These measures include purchasing swaptions and swaps for hedging interest rate risk and switching from riskier investments (such as ABSs/MBSs, corporate bonds and equities) to less risky investments (mostly Dutch and German government bonds). The derisking measures are aimed at stabilising the Solvency II-ratio. As a consequence, on a Solvency I basis the hedge is less effective. The equity risk remained stable.

1.3.2 Results

For Life, the first half year 2015 net underlying result rose by € 13 million to € 35 million mainly due to a higher result from Life.

In € millions

	1st half year 2015	1st half year 2014
Net Result over the period	90	-223
Result on investment portfolio and hedges	-41	-41
Addition/Release in the technical provision due to the LAT	-14	286
Net Underlying Result	35	22

For Pension (Zwitserleven), regular premiums decreased by € 79 million to € 443 million mainly by 'Witteveen legislation' and a downturn in renewals. Group single premiums fell from € 195 million in 2014 to € 98 million as a result of changes in legislation 'Witteveen impact' and lower transfer of reserves. The market share of Pension rose to 13.2 percent per 30 June 2015 (full year 2014: 7.4 percent). The increase in market share is a result of the increase in regular premiums regarding new reinsurance contracts.

The operational expenses decreased by € 5 million to € 141 million due to the ending of bank activities in 2015 which had a positive effect on the cost level. This decrease in 2015 was partly offset by a one off restructuring provision.

In the first half year of 2015 individual life premiums decreased to € 476 million (first half year of 2014: € 514 million) mainly driven by the indemnification of unit linked policies. The market share of new individual life premiums fell to 12.8% half year 2015 (full year 2014 16.8%).

1.4 Update risks and portfolio

1.4.1 Underwriting risk

The underwriting risk is the risk that our own funds, earnings or continuity will be threatened as a result of the inability to finance payments (either now or in the future) from premium and/or investment income owing to incorrect and/or incomplete assumptions (mortality, disability, claims, customer behavior, catastrophes) and principles (such as interest and costs)

used in the development of the product and the determination of its premium.

1.4.1.1 Portfolio

Life and Pension

The life insurance portfolio contains individual and group insurance policies. Individual policies are sold as policies that pay cash benefits (traditional policies that may or may not include profit sharing or interest profit sharing)

Breakdown of portfolio

In € millions	30 June 2015		31 December 2014	
	Premium on an annualised basis	Technical provision for insurance contracts	Premium on an annualised basis	Technical provision for insurance contracts
Savings-based mortgages	337	5,693	360	5,650
Life annuity	5	3,316	4	3,411
Term insurance	168	496	170	468
Traditional savings	109	5,434	114	5,581
Funeral insurance	24	749	25	737
Individual insurance policies in cash	643	15,688	673	15,847
Individual insurance policies in investment units	339	6,192	507	6,196
Group insurance policies in cash	279	9,504	289	9,212
Group insurance policies in investment units	368	8,344	456	7,942
Subtotal	1,629	39,728	1,925	39,197
Reinsurance of term insurance	-1	-	-1	-
Proportional reinsurance	-130	-3,497	-151	-3,589
Total	1,498	36,231	1,773	35,608

Sensitivities

The Solvency I of the life insurance portfolio is sensitive to changes in the parameters used for calculating the market value of liabilities. In order to obtain information on this sensitivity, the effects of changes in mortality, surrender probabilities (including conversions to non-contributory policies) and recurrent and other costs, including inflation, are calculated separately.

The sensitivity of solvency to changes in the underwriting parameters is limited, with the exception of

and policies with payment in units (unit-linked insurance policies). The group portfolio mainly consists of traditional contracts, group policies with separate accounts, and unit-linked policies. In the first half year of 2015 there were no material changes in the breakdown of the portfolio compared to 31 December 2014.

The breakdown of the portfolio is shown in the following table.

sensitivity to longevity risk and costs. The sensitivity to the risks of surrender (including non-contributory continuation) and mortality risk is significantly reduced by the surrender floor restriction in the regulatory adequacy test. Concentration risk does not come within the scope of parameter sensitivities. As the discount curve did not significantly change, the sensitivities are nearly the same as end of year 2014.

Changes in the actuarial parameters have an effect on the result of SRLEV NV.

Sensitivity of solvency to changes in technical parameters (Solvency I)

In percentages

	30 June 2015	31 December 2014
Solvency ratio	156%	141%
Impact of sensitivities:		
- 50% increase in surrender rates (including non-contributory continuation)	-3%	-3%
- 15% higher mortality rates (mortality risk)	-3%	-3%
- 20% lower mortality rates (longevity risk)	-53%	-54%
- 10% increase in expenses assumptions + 1% increase in inflation	-28%	-28%

1.4.1.2 Reinsurance

The 2015 reinsurance program is largely a continuation of the program in 2014. In Life reinsurance, the retention of the reinsurance contracts for mortality and occupational disability both for individual and group risks contracts amounts to € 1.5 million of risk capital. In addition, the retention of the mortality reinsurance contract of the individual Life portfolio has been proportionally reinsured by means of two quota share contracts, for capital management purposes. A retention of € 15 million applies to the catastrophe coverage.

1.4.1.3 Adequacy test**Discount curve for insurance liabilities**

At the end of 2008, SRLEV NV was granted consent by DNB to start using the ECB AAA curve to determine the fair value of its insurance liabilities under Solvency I (regulatory adequacy test or TRT, as the Dutch acronym goes); in the second half of 2012, SRLEV NV adopted the ECB AAA curve with UFR yield curve for its Liability Adequacy Test (LAT). The idea was that SRLEV NV would revert to the risk-free swap curve dictated by DNB once the market had normalized. In accordance with what had been agreed, at the end of 2014 SRLEV NV reverted to using the swap curve with UFR for both TRT and LAT in the reporting period. The use of the swap curve with UFR reduces the differences between the Solvency I and Solvency II frameworks on the one hand and the economic framework on the other.

Regulatory adequacy test (TRT)

The Dutch Financial Supervision Act stipulates that the adequacy of the technical provisions is required to be tested. If a shortfall is identified in the TRT, the technical provisions (in the regulatory report) need to be shored up and the required regulatory solvency must be

adjusted accordingly. Consequently, any allocations to the technical provisions (in the regulatory report) as a result of a shortfall are co-decisive in determining the solvency position.

In the fact that SRLEV NV identify any surplus value in the TRT, it's considered in determining the solvency position. The value of the cash flow hedge reserve is treated separately in the TRT given that it is restated for IFRS purposes as a component of equity.

IFRS-based Liability Adequacy Test (LAT)

IFRS requires the adequacy of the technical provisions to be tested. The LAT starts from the same premise as the TRT, but the underlying principles are different in some respects. The IFRS-based LAT, rather than the TRT is leading in determining the IFRS-based technical provisions. A shortfall in the LAT will cause the technical provision in the statement of financial position to rise.

Shadow loss accounting is used for SRLEV NV to allocate unrealised revaluations of fixed income securities from the fair value reserve to the technical provision in case of an interest shortfall. If the provision for changes in the fair value of fixed-income securities has been utilized in full and a LAT shortfall still remains, that shortfall is cleared by making an allocation to the technical provision. This allocation will have an adverse effect on earnings for IFRS purposes.

Calculation of adequacy of technical provisions

The difference between the calculation of adequacy of the technical provisions in TRT and LAT is described below:

- The TRT includes a surrender value restriction for SRLEV NV, meaning that the available provisions for TRT purposes should at least equal the

surrender value. For the LAT there is no surrender value restriction;

- The Cost of Capital for SRLEV NV is 4 percent (TRT and LAT).

These adjustments have an upward effect on the required technical provisions for TRT for reasons of prudence.

In € millions	Life insurance			
	LAT		TRT	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
IFRS-based provision (including shadow accounting)	36,842	36,369	36,842	36,369
Market value of provision	41,444	41,653	41,444	41,653
Surrender floor restriction	-	-	656	798
Market value of provision calculated for LAT or TRT	41,444	41,653	42,100	42,451
Difference between Market Value and IFRS-based Provision	-4,602	-5,284	-5,258	-6,082
Shadow loss entry	3,057	3,717	-	-
Surplus value of investments	532	536	532	535
Cash flow hedge reserve	-	-	187	213
Addition to based-provision (IFRS-based P&L) due to LAT shortfall	1,013 ¹	1,031	-	-
Addition to based-provision (P&L under Dutch Wft) due to TRT shortfall	-	-	4,539	5,334
Adequacy test result of LAT or TRT²	-	-	-	-

¹ Positive effect as a result of the LAT is € 8 million after tax (addition to based provision - IFRS-based P&L - due to LAT shortfall decreases 11 million before tax).

² This relates to the gross margin (for income tax purposes)

1.4.2 Market risk

Market risks can potentially have a substantial financial impact on the value of the assets and liabilities of our insurance business. SRLEV NV defines *market risk* as the risk of losses or an unfavorable change in its financial situation that results, either directly or indirectly, from fluctuations in the level and volatility of the market prices of assets, liabilities and financial instruments (funding and products not recognised on the financial position). The following eight sub-market risks have been defined: interest rate risk, equity risk, property risk, spread risk, currency risk, market risk concentrations, volatility risk and basis risk. There are no material

changes in the pre-defined risks compared to 31 December 2014.

1.4.3 Counterparty risk

SRLEV NV defines counterparty risk as the risk of potential losses due to an unexpected payment default or a credit rating downgrade of the counterparties and debtors of insurance and reinsurance undertakings within the next twelve months. The investment portfolio of SRLEV NV did not change significantly during the first half year of 2015. The investment portfolio of insurance business can be broken down as follows:

Investments of insurance business

In € millions	30 June 2015	31 December 2014
Investments		
- Fair value through profit or loss: Designated	195	225
- Available for sale	23,841	24,200
- Loans and receivables	7,038	6,991
Interest-bearing investment portfolio	31,074	31,416
Equities and similar investments	1,359	1,296
Total	32,433	32,712

The interest-bearing investment portfolio of SRLEV NV per sector, rating and country can be broken down as follows:

Breakdown of interest-bearing investment profile (sector)

In € millions	30 June 2015		31 December 2014	
Sovereign	20,054	65%	20,391	65%
Corporate bonds - financial sector	2,990	10%	3,147	10%
Investments related to savings-based mortgages	5,456	17%	5,404	17%
Corporate bonds - non-financial sector	1,177	4%	1,200	4%
Mortgage backed securities	1,002	3%	1,023	3%
Other	395	1%	251	1%
Total	31,074	100%	31,416	100%

Breakdown of interest-bearing investment portfolio (rating)

In € millions	30 June 2015		31 December 2014	
AAA	20,849	67%	21,891	67%
AA	2,093	7%	1,369	7%
A	1,423	5%	1,555	5%
BBB	1,112	4%	908	4%
< BBB	1	0%	26	0%
Not rated	5,596	17%	5,667	17%
Total	31,074	100%	31,416	100%

Breakdown of interest-bearing investment profile (geographic)

In € millions	30 June 2015		31 December 2014	
Netherlands	13,914	44%	13,809	44%
Germany	12,311	40%	12,646	40%
Austria	888	3%	935	3%
France	536	2%	539	2%
Italy	450	1%	454	1%
Spain	304	1%	336	1%
Other	2,671	9%	2,697	9%
Total	31,074	100%	31,416	100%

Mortgages

The decline in the mortgage portfolio compared to 31 December 2014 is mainly due to regular repayments. A

breakdown of the mortgages by type of security is specified below:

Mortgages of insurance business by type of security provided

In € millions ¹	30 June 2015	31 December 2014
Mortgages < 75% of foreclosure value	463	482
Mortgages > 75% of foreclosure value	415	452
Mortgages with National Mortgage Guarantee	1,100	1,131
Residential property in the Netherlands	1,978	2,065
Specific provision for bad debts	-5	-7
Total	1,973	2,058

¹ Mortgages are recognised in the statement of financial position under investments in loans and receivables.

Netting of financial assets and liabilities

The table below presents the financial assets and liabilities that are subject to netting. It also presents

related items that have not been netted but are used to limit credit risk.

Financial assets and liabilities 2015

In € millions	Related amounts not netted in the carrying amount						Netted value
	Gross carrying amount	Offsetting carrying amount	Netted carrying amount	Financial instruments	Cash collateral	Other financial collateral	
<i>Financial assets</i>							
Derivatives	681	-	681	-50	270	-	461
Total financial assets	681	-	681	-50	270	-	461
<i>Financial liabilities</i>							
Derivatives	119	-	119	78	41	-	-
Amounts due to banks	1,402	-	1,402	337	-	-	1,065
Total financial liabilities	1,521	-	1,521	415	41	-	1,065

Financial assets and liabilities 2014

In € millions	Related amounts not netted in the carrying amount						Netted value
	Gross carrying amount	Offsetting carrying amount	Netted carrying amount	Financial instruments	Cash collateral	Other financial collateral	
<i>Financial assets</i>							
Derivatives	846	-	846	313	526	-	7
Total financial assets	846	-	846	313	526	-	7
<i>Financial liabilities</i>							
Derivatives	169	-	169	52	117	-	-
Amounts due to banks	1,504	-	1,504	260	-	260	984
Total financial liabilities	1,673	-	1,673	312	117	260	984

1.4.4 Liquidity risk

Liquidity risk is the risk that SRLEV NV will be unable to access sufficient cash resources in the short term to meet its financial obligations, either under normal conditions or in times of stress, without incurring unacceptable costs or losses. A liquidity buffer is held as part of the investment portfolio in order to ensure

sufficient liquidity is available to enable a responsible investment policy to be followed in situations where withdrawals exceed premium income. The liquidity buffer, specified below, slightly reduced in the first half year of 2015, but is still within acceptable pre-determined limits.

Liquidity

In € millions	30 June 2015	31 December 2014
Available liquidity	27,997	28,534
Required liquidity	-17,690	-17,357
	10,307	11,177
Utilised liquidity	-470	-597
Remaining liquidity	9,837	10,580

Credit ratings

Following the announcement and completion of the sale of VIVAT NV to Anbang all rating

agencies have their outlook (positive) updated from year end. During October 2015, S&P changed their rating from 'developing' to 'negative'.

Credit ratings

Long term	S&P	Moody's	Fitch
VIVAT NV	BBB- (CW dev)	-	-
SRLEV NV	BBB+ (CW dev)	Baa3 (positive)	BBB (RWE)

1.4.5 Non-financial risk

During 2015 SRLEV NV consistently prioritized the development of a more sound and controlled organization. SRLEV NV recognizes these points and will focus on the follow-up expected. Failure or non-timely resolution of these issues potentially will result in operational and compliance risks.

Some of these issues will be addressed in the context of the reinforcement of the integrated risk management, also called Integrated Control Framework (hereinafter referred to as ICF). Phase 1 (inventory) and phase 2 (risk based prioritizing) of the ICF program are finalized according to plan. Each business will draw up an implementation plan with actions to address the issues. Some business units operate, for some elements of the framework, already at the level of ambition defined in the ICF project for 2015. But there is still much work to be done. SRLEV NV is aware that the success of i.e. implementing the Integrated Control Framework within the set timelines may be affected negatively by the focus and time needed for i.e. the impact and required actions as a result of the strategic review.

The combination of various factors (strategic reorientation, a sustainable revenue model, cost reductions and associated reorganisations) puts pressure on the organization and causes considerable

transition risks (retention of key personnel and smooth governance are very important). Specific consideration will be given to monitor the accumulation of risks in the operational management. Due to the enormous pressure on the organization and its employees there is a risk that the number of issues and incidents will increase and less attention will be paid to customers' interest.

The organisation faces considerable transition risks related to governance. The acquisition of VIVAT NV by Anbang has resulted in changes to the composition and size of the Supervisory Board and the Executive Board of VIVAT NV. As part of the proposed governance, a sound balance will need to be achieved between the duties and responsibilities that the Executive Board has at the holding company level and those of the managing boards of the subsidiaries. The strategic reorientation may also result in modifications to the governance structure. This means that implementation and practical application of the governance will take some time, as a carefully considered management model and well-functioning governance must be achieved. At the same time, good governance is necessary for effective decision-making and adequate management of the business.

A lot of progress has been made related to Solvency II compliancy as per 1 January 2016. Nevertheless also a

lot of work is still to be done. It should be noted that Solvency II regulations hold many open norms for which it is not clear for insurers and other stakeholders such as external auditors how to demonstrate compliancy. The most notable gaps are currently areas of data management, governance, model validation and documentation.

The modelling of underwriting business is subject to material uncertainties. This is driven by frequent maintenance of the models, improving insight in assumptions and parameters and methodologies/frameworks that are regularly subject to change. This creates uncertainty regarding the development of the capital. Part of the uncertainty is due to regular periodic parameter updates, but also a number of large migrations of cash flow models and administration systems will take place.

A risk self-assessment of all the models that are in use is finished. This assessment is the basis for an action plan which is now being drafted.

1.5 Outlook

During the course of the second half of 2015, an integral strategic review of the operations is taking place, initiated by the new shareholder. The outcome of the strategic review is expected to become clear in due course. The capital position of VIVAT NV has been strengthened by the capital injection on 23 October 2015 from Anbang. As a result of the capital injection, the Solvency I ratio of VIVAT NV will increase to 233 percent (based on pro forma 30 June 2015 figures) and the Solvency II ratio to above 150 percent (based on standard model pro forma 30 June 2015 figures).

Condensed interim **financial** statements

2 Condensed interim consolidated **financial** statements

2.1 Condensed interim consolidated statement of **financial position**

Before result appropriation and in € millions	Notes ¹	30 June 2015	31 December 2014
Assets			
Property and equipment		56	52
Investment property		251	267
Investments	1	34,406	34,769
Investments for account of policyholders	2	14,826	14,559
Investments for account of third parties		1,519	1,427
Derivatives	3	681	846
Deferred tax assets		1,454	1,643
Reinsurance contracts	6	3,497	3,589
Loans and advances to banks		270	321
Corporate income tax		32	-
Other assets		550	442
Cash and cash equivalents		166	344
Total assets		57,708	58,259
Equity and liabilities			
Share capital ²		-	-
Other reserves		2,132	2,652
Retained earnings		90	-518
Shareholders' equity	4	2,222	2,134
Subordinated debt and final bonus account	5	682	680
Insurance contracts	6	44,499	44,943
Liabilities from investments for account of third parties		1,519	1,427
Employee benefits	7	169	-
Other provisions		57	20
Derivatives	3	119	169
Deferred tax liabilities		930	1,157
Amounts due to banks		1,402	1,504
Corporate income tax		202	69
Other liabilities		5,907	6,156
Total equity and liabilities		57,708	58,259

¹ The references next to the balance sheet items relate to the notes to the condensed interim consolidated statement of financial position in Section 3.2

² The issued and paid up share capital of SRLEV NV is € 45,000

2.2 Condensed interim consolidated income statement

Interim consolidated statement of **profit** and loss

In € millions	Notes ¹	1st half year 2015	1st half year 2014
Income			
Premium income		1,041	1,274
Reinsurance premiums		88	82
Net premium income	11	953	1,192
Fee and commission income		37	29
Fee and commission expense		1	-
Net fee and commission income		36	29
Investment income	12	601	738
Investment income for account of policyholders	13	591	1,082
Gains and losses on financial instruments		-25	-102
Total income		2,156	2,939
Expenses			
Technical claims and benefits	14	839	1,561
Charges for account of policyholders	15	903	1,376
Acquisition costs for insurance activities		19	23
Employee benefit expense		126	66
Depreciation and amortisation		1	3
Other operating expenses		14	77
Impairment charges	16	27	11
Other interest expenses		108	120
Total expenses		2,037	3,237
Result before taxation		119	-298
Taxation	17	29	-75
Net result continued operations for the period		90	-223
Attribution:			
Net result continued operations attributable to shareholders		90	-223
Net result continued operations for the period		90	-223

¹ The references next to the income statement items relate to the notes to the condensed interim consolidated statement of profit or loss in Section 3.2.

Interim consolidated statement of total comprehensive income

Consolidated statement of other comprehensive income

In € millions

	1st half year 2015	1st half year 2014
Items that will not be reclassified subsequently to profit or loss		
Other changes in comprehensive income	-	-
Total items never reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss		
Change in revaluation reserve	-	-1
Change in cashflow hedgereserve	-	-8
Change in fair value reserve	-3	-2
Other changes in comprehensive income	1	-
Total items that may be reclassified to profit or loss subsequently	-2	-11
Other comprehensive income (after taxation)	-2	-11

Statement of total comprehensive income

In € millions

	1st half year 2015	1st half year 2014
Net result for the period	90	-223
Other comprehensive income (after taxation)	-2	-11
Total comprehensive income	88	-234
Attribution:		
Total comprehensive income attributable to shareholder	88	-234
Total comprehensive income	88	-234

2.3 Condensed interim consolidated statement of changes in equity

Consolidated statement of changes in group equity at 30 June 2015

In € millions	Issued share capital	Share premium reserve	Sum revaluation reserves	Sum other reserves	Equity attributable to shareholders	Minority interests	Group equity
Balance as at 1 January 2015	-	1,619	49	466	2,134	-	2,134
Unrealised revaluations from cashflow hedges	-	-	-19	-	-19	-	-19
Unrealised revaluations	-	-	-562	-	-562	-	-562
Impairments	-	-	15	-	15	-	15
Realised revaluations through profit or loss	-	-	-43	-	-43	-	-43
Change in profit-sharing reserve	-	-	111	-	111	-	111
Change in shadow accounting	-	-	495	-	495	-	495
Other movements	-	-	-	1	1	-	1
Amounts charged directly to total equity	-	-	-3	1	-2	-	-2
Net result June 2015	-	-	-	90	90	-	90
Total result June 2015	-	-	-3	91	88	-	88
Total changes in equity June 2015	-	-	-3	91	88	-	88
Balance as at 30 June 2015	-	1,619	46	557	2,222	-	2,222

SRLEV NV announces that no (interim) dividend will be distributed for 2015.

Statement of revaluation reserves and other reserves at 30 June 2015

In € millions	Revaluation property and equipment	Cash flow hedge reserve	Fair value reserve	Sum revaluation reserves	Other reserves	Retained earnings	Sum other reserves
Balance as at 1 January 2015	4	-	45	49	984	-518	466
Transfer of net result 2014	-	-	-	-	-518	518	-
Transfers 2014	-	-	-	-	-518	518	-
Unrealised revaluations from cashflow hedges	-	-19	-	-19	-	-	-
Unrealised revaluations	-	-	-562	-562	-	-	-
Impairments	-	-	15	15	-	-	-
Realised revaluations through profit or loss	-	-	-43	-43	-	-	-
Change in profit-sharing reserve	-	-	111	111	-	-	-
Change in shadow accounting	-	19	476	495	-	-	-
Other movements	-	-	-	-	1	-	1
Amounts charged directly to total equity	-	-	-3	-3	1	-	1
Net result June 2015	-	-	-	-	-	90	90
Total result June 2015	-	-	-3	-3	1	90	91
Total changes in equity June 2015	-	-	-3	-3	-517	608	91
Balance as at 30 June 2015	4	-	42	46	467	90	557

Consolidated statement of changes in group equity at 30 June 2014

In € millions	Issued share capital	Share premium reserve	Sum revaluation reserves	Sum other reserves	Equity attributable to shareholders	Minority ¹ interests	Group equity
Balance as at 1 January 2014	-	1,619	84	984	2,687	1	2,688
Unrealised revaluations from cashflow hedges	-	-	31	-	31	-	31
Unrealised revaluations	-	-	1,084	-	1,084	-	1,084
Impairments	-	-	2	-	2	-	2
Realised revaluations through profit or loss	-	-	-140	-	-140	-	-140
Change in profit-sharing reserve	-	-	-153	-	-153	-	-153
Change in shadow accounting	-	-	-835	-	-835	-	-835
Amounts charged directly to total equity	-	-	-11	-	-11	-	-11
Net result June 2014	-	-	-	-223	-223	-	-223
Total result June 2014	-	-	-11	-223	-234	-	-234
Total changes in equity June 2014	-	-	-11	-223	-234	-	-234
Balance as at 30 June 2014	-	1,619	73	761	2,453	1	2,454

¹ Refers to the liquidation and deconsolidation of REAAL Venture Capital

Statement of revaluation reserves and other reserves at 30 June 2014

In € millions	Revaluation property and equipment	Cash flow hedge reserve	Fair value reserve	Sum revaluation reserves	Other reserves	Retained earnings	Sum other reserves
Balance as at 1 January 2014	4	8	72	84	1,400	-416	984
Transfer of net result 2013	-	-	-	-	-416	416	-
Transfers 2013	-	-	-	-	-416	416	-
Unrealised revaluations from cashflow hedges	-	31	-	31	-	-	-
Unrealised revaluations	-1	-	1,085	1,084	-	-	-
Impairments	-	-	2	2	-	-	-
Realised revaluations through profit or loss	-	-	-140	-140	-	-	-
Change in profit-sharing reserve	-	-	-153	-153	-	-	-
Change in shadow accounting	-	-39	-796	-835	-	-	-
Amounts charged directly to total equity	-1	-8	-2	-11	-	-	-
Net result June 2014	-	-	-	-	-	-223	-223
Total result June 2014	-1	-8	-2	-11	-	-223	-223
Total changes in equity June 2014	-1	-8	-2	-11	-416	193	-223
Balance as at 30 June 2014	3	-	70	73	984	-223	761

2.4 Condensed interim consolidated cash **flow** statement

Condensed consolidated cash flow statement

In € millions

	1st half year 2015	1st half year 2014
Net cash flow from operating activities	-153	-395
Net cash flow from investment activities	-26	-327
Net cash flow from financing activities	-	-
Cash and cash equivalents 1 January	344	1,020
Cash and cash equivalents as at 30 June	165	298

3 Notes to the condensed interim consolidated **financial** statements

3.1 **Accounting** principles

3.1.1 **General information**

SRLEV NV is a public limited liability company incorporated under the laws of the Netherlands. SRLEV NV's registered office is located at Wognumsebuurt 10, 1817 BH Alkmaar, the Netherlands. SRLEV NV is a wholly owned subsidiary of VIVAT NV and VIVAT NV is a wholly owned subsidiary of Anbang Group Holdings Co. Ltd since 26 July 2015. By 30 June 2015, VIVAT NV was still a 100 percent subsidiary of SNS REAAL NV. Anbang is based in Hong Kong and is a subsidiary of Anbang Insurance Group Co. Ltd, headquartered in China.

The consolidated interim financial statements include SRLEV NV (the parent company), the entities controlled by SRLEV NV and investments in associates of SRLEV NV, and have been prepared under the going concern assumption.

3.1.2 **Basis of preparation**

Basis of reporting

The consolidated interim financial statements have been prepared in accordance with IAS 34: Interim Financial Reporting, as adopted within the European Union.

The accounting principles adopted in the preparation of these consolidated interim financial statements are consistent with the accounting principles used in the preparation of the consolidated financial statements of SRLEV NV for the year ended 31 December 2014, with the exception of the amendments to IFRS standards and interpretations, and changes in accounting principles as described below.

Going concern assumption

On 26 July 2015, the sale and purchase agreement (SPA) between Anbang and SNS REAAL NV was completed as a result of the approval of the Chinese Insurance regulator (CIRC). The Dutch Central Bank (DNB) approved the transaction in the first half of July 2015. Furthermore, on 26 July 2015, the name "REAAL NV" was changed to "VIVAT NV".

On 23 October 2015, in accordance with the SPA and the Declaration of No Objection, VIVAT NV received a capital injection of € 1.35 billion from Anbang. Significant estimates were based on the expected execution of the capital injection.

Changes in published Standards and Interpretations effective in 2015

New or amended standards become effective on the date specified in the relevant IFRS, but early adoption is allowed. In 2015 no new or amended standards and interpretations, regarding recognition and measurement that have an effect on the financial position of SRLEV NV, have been issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC).

Interpretations of existing standards or amendments to standards, not yet effective in 2015

New standards, amendments to existing standards and interpretations, published prior to 1 January 2015 and effective for reporting periods beginning on or after 1 January 2015, were not early adopted by SRLEV NV.

IFRS 9 Financial Instruments

The first adoption date is set by the IASB for reporting periods beginning on or after 1 January 2018. This new standard will replace the current standard IAS 39 and is divided into three phases: Classification and Measurement, Impairments and Hedge Accounting. The purpose of the new standard is to align the accounting of financial instruments in the financial statements with the business and risk management model of the reporting entity. Given that some parts of the new standard have not yet been endorsed by the EU, early adoption by SRLEV NV is not an option. It is expected that the standard will have a significant effect on the classification and measurement of financial instruments, impairments and the application of hedge accounting.

Changes in principles, estimates and presentation

There have been no changes in accounting principles and estimates in 2015.

In 2014, all employees were employed by SNS REAAL NV. Personnel costs of direct personnel were accounted for as employee benefits expense in the financial statements for the year ended 31 December 2014. In 2014 the amount of approximately € 65 million of personnel costs was accounted for under other operating expenses, due to the fact that it related to indirect personnel. Since 1 January 2015 the whole personnel is employed by VIVAT NV and thus allocated costs are accounted for as employee benefits expense and an employee benefit provision has been accounted for as of that date. Therefore, since that date, the pension benefits of the employees (previously presented by SNS REAAL NV) are presented in the financial statements of VIVAT NV. The accounting principles relating to this item are presented below:

Pension benefits

General

VIVAT NV's main pension scheme, in which (former) employees of SRLEV NV participate, is a defined contribution scheme administrated by Stichting Pensioenfonds SNS REAAL. New staff is included in this scheme. In addition, a number of defined benefit plans were acquired from insurance companies in the past. The members of those schemes are referred to as deferred members or retirees.

Accounting principles for the statement of financial position

Defined contribution schemes

According to this pension scheme, defined contributions are paid to separate entities, primarily to Stichting Pensioenfonds SNS REAAL, an independent pension fund. Besides these defined contributions, VIVAT NV has no obligation to make additional payments to the scheme to make up for shortfalls resulting from actuarial or investment risk.

Defined benefit schemes

The defined benefit obligation that has been pledged to members is based on the difference between the present value of the future liabilities to pay the participants' pensions and the value of the plan assets.

Net liability (or asset) from defined benefit schemes

This item represents the sum of gross pension entitlements from the individual defined benefit schemes less the qualifying assets of these schemes. Qualifying assets are investments relating to pension funds or insurance contracts with insurance companies other than subsidiaries of VIVAT NV.

A net asset due to a surplus is recognised only if VIVAT NV has the ability to use the surplus to generate future economic benefits (asset ceiling). The excess amount above the asset ceiling will be deducted from the surplus through other comprehensive income. This can be caused by actuarial gains and losses, gains and losses on plan assets, or by employers' contributions stipulated in the financial agreement with the pension fund. This agreement is based on the

pension liability calculated by the pension fund according to the specific parameters prescribed by DNB, among other aspects.

Gross pension entitlements from defined benefit schemes

These are calculated annually by an independent actuary according to the projected unit credit method and discounted using rates based on returns from investment-grade corporate bonds (AA rating) with a maturity corresponding to the time of benefit payments to the members. In principle, this method distributes the pension costs evenly over the period in which an employee renders services to VIVAT NV.

Self-administered defined pension schemes

Entitlements from these schemes are insured at SRLEV NV (Zwitserleven Business Unit) within VIVAT NV. The investments under these schemes are held by Zwitserleven; given that they do not qualify as plan assets, they are presented as investments (for own account).

Accounting principles for the statement of profit or loss

Costs of defined contribution schemes

The regular contributions in the defined contribution schemes qualify as net periodic costs in the year in which they are due and are recognised within the employee benefits expense. Employee contributions are deducted from this expense.

Income and expense associated with defined pension schemes

The following items are recognised in the statement of profit or loss for defined benefit schemes:

- current service costs relating to the members of the scheme who are still employed by VIVAT NV;
- past service costs: costs of improvement (or costs relating to deducted value of entitlements returned) of these pension schemes, insofar as they relate to past employment;
- gains and losses on settlement of pension entitlements; and
- net interest on the net defined benefit liability (or asset).

Net interest on defined benefit schemes

Net interest is calculated based on the actuarial discount rate used to determine the present value of the gross pension entitlements. This net liability (or asset) is determined at the start of the annual reporting period, taking into account possible changes resulting from contributions from VIVAT NV or employees and benefits paid out during the year.

Interest costs consist of actuarial interest costs corresponding to the gross defined benefit liability, the fixed return on qualifying investments (calculated using the discount rate of the gross defined benefit entitlements) and interest on the excess above the asset ceiling, which is determined if a defined benefit asset exists.

The interest on the amount that exceeds the asset ceiling by defined benefit asset is part of the total change resulting from the effect of no capitalisation due to the asset ceiling and is determined based on the actuarial discount rate. This interest is determined by multiplying the amount exceeding the asset ceiling using the actuarial discount rate. This interest is a negative factor in determining the net interest on the one hand and constitutes the part of the revaluation on the other.

Other comprehensive income

The following revaluations of the net pension liability (or asset) are recognised in other comprehensive income:

- actuarial gains and losses;
- gains on qualifying investments of defined benefit schemes actually realised during the year, net of the fixed gains and losses based on the actuarial discount rate that is included in the net interest from defined benefit schemes; and
- the effect of asset ceiling, if a defined benefit asset exists.

Revaluations are not reclassified to the statement of profit or loss in the next reporting period, but they can be reclassified to another component of equity, e.g. settlement of pension entitlements.

3.2 Notes to the condensed interim consolidated financial statements

1 Investments

Breakdown of investments

In € millions	30 June 2015	31 December 2014
Fair value through profit or loss: Designated	195	225
Available for sale	25,200	25,496
Loans and receivables	9,011	9,048
Balance as at the end of period	34,406	34,769

SRLEV NV has lent part of its investments. The carrying amount of investments that had been lent at 30 June 2015 was € 2,351 million (2014: € 1,712 million). An annual lending fee of some 0.1 percent of the value of the related investments was charged.

Another part of the investments has been pledged as collateral for amounts due to banks (repos) and subordinated debt (bonds). The carrying amount of investments pledged as collateral at 30 June 2015 was € 4,139 million (2014: € 4,271 million).

Available for sale: listed

In € millions	Shares and similar investments		Fixed-income investments		Total	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Listed	139	93	23,741	24,082	23,880	24,175
Unlisted	1,220	1,203	100	118	1,320	1,321
Total	1,359	1,296	23,841	24,200	25,200	25,496

Available for sale: statement of change

In € millions	Shares and similar investments		Fixed-income investments		Total	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Balance as at 1 January	1,296	924	24,200	20,030	25,496	20,954
Purchases and advances	1,178	1,786	1,628	4,620	2,806	6,406
Disposals and redemptions	-1,164	-1,435	-1,142	-3,775	-2,306	-5,210
Revaluations	50	25	-779	3,396	-729	3,421
Impairments	-1	-4	-18	-	-19	-4
Amortisation	-	-	-42	-78	-42	-78
Other	-	-	-6	7	-6	7
Balance as at the end of period	1,359	1,296	23,841	24,200	25,200	25,496

The net amount of € 14 million in equities sold and purchased in 2015 (2014: € 350 million) was mainly attributable to investment of collateral received in a money-market fund of € 83 million (2014: € 425 million) and the sale of shares in Fernwood Restructurings.

The net amount of € 486 million in fixed-income investments sold and purchased in 2015 (2014: € 846 million) was the result of the sale and purchase of European government and corporate bonds.

2 Investments for account of policyholders

Investments for account of policyholders include separate deposits held for account of policyholders, investments under unit-linked policies and separate investment deposits for large group pension contracts.

Investments for account of policyholders: listing

In € millions	30 June 2015	31 December 2014
Shares and similar investments:		
- Listed	12,992	13,044
- Not listed	337	48
Fixed-income investments		
- Listed	1,126	1,091
- Not listed	371	376
Total	14,826	14,559

The figures for 2014 regarding shares and similar investments have been restated for comparative purposes (the figures in the annual report of SRLEV NV were: Listed: € 5,743 million, not listed: € 7,349 million). As a consequence of the consolidation of investments funds, the investments for account of policyholders within these funds must be classified based on the look through principle. This results in an increased share of listed investments compared to not listed investments.

Statement of changes in investments for account of policyholders

In € millions	30 June 2015	31 December 2014
Balance as at 1 January	14,559	13,491
Purchases and advances	1,521	1,849
Disposals and redemptions	-1,726	-2,852
Changes in fair value	437	2,021
Other movements	35	50
Balance as at the end of period	14,826	14,559

The gain on the changes in fair value of € 437 million (2014: € 2,021 million) was attributable to an increase in share indices but partly offset by the lower fair value of fixed-income investments as a result of increased long-term interest rates.

Other movements consist of € 26 million (2014: € 38 million) in currency gains and losses and € 9 million (2014: € 12 million) in changes in accrued interest.

3 Derivatives

Breakdown of derivatives

In € millions	Positive value		Negative value		Balance	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Derivatives held for cash flow hedge accounting	130	154	-	-	130	154
Derivatives held for fair value hedge accounting	94	104	-	-	94	104
Derivatives held in the context of asset and liability management that do not qualify for hedge accounting	457	588	119	169	338	419
Total	681	846	119	169	562	677

No new exposures were contracted in the first half of 2015. The disposals in the first half year of 2015 relate mainly to derivatives held for the purposes of balance sheet management.

4 Equity

In € millions	30 June 2015	31 December 2014
Equity attributable to shareholders	2,222	2,134
Total	2,222	2,134

The share capital issued is fully paid up and comprises 90 ordinary shares with a nominal value of € 500 each.

5 Subordinated debt and final bonus account

Breakdown of subordinated debt

In € millions	30 June 2015	31 December 2014
Bonds	574	572
Private loans	95	95
Final bonus account	13	13
Total	682	680

Subordinated bonds

Bonds

In € millions	Interest	Maturity	Carrying amount		Nominal value	
			30 June 2015	31 December 2014	30 June 2015	31 December 2014
SRLEV NV	9.000%	2011-2041	406	398	400	400
SRLEV NV (CHF)	7.000%	2011/perpetual	91	86	87	87
Total			497	484	487	487
Hedge accounting adjustment			77	88	-	-
Total			574	572	487	487

In April 2011, SRLEV NV issued € 400 million in subordinated bonds maturing in 2041. The terms and conditions were set out in a prospectus of 12 April 2011. In July 2011, SRLEV NV issued CHF 105 million in perpetual subordinated bonds. The terms and conditions of the issue were set out in a prospectus of 15 July 2011 ("Terms & Conditions").

On 19 December 2013, the European Commission ratified its provisional resolution of 22 February 2013 in a final resolution that approved the state aid resulting from the nationalisation of SNS REAAL NV, at that time SRLEV NV's ultimate parent company, on 1 February 2013, subject to a hybrid debt call and a ban on coupon interest payments that do not stem from a legal obligation. Under the Terms & Conditions, SRLEV NV was not required to pay the accrued interest on 15 April 2014, 19 December 2014 and 15 April 2015. Consequently, SRLEV NV is not permitted to pay interest; it will, therefore, avail itself of its optional right to defer the coupon interest payment pursuant to Section 4(e) of the Terms & Conditions.

Pursuant to Section 7 of the Terms & Conditions, failure to pay the coupon interest does not qualify as default. Unpaid interest will qualify as arrears of interest while it remains unpaid and bears the same rate of interest as the bonds. Unpaid interest is recognised within other liabilities.

On 14 February 2015, SNS REAAL NV signed a sale and purchase agreement with Anbang Group Holdings Co. Ltd., a wholly owned subsidiary of Anbang Insurance Group Co. Ltd., a multinational Chinese insurance company, for the sale of VIVAT NV (at that time named REAAL NV).

As a result of the signing of the sale and purchase agreement, the coupon ban that was imposed by the European Commission on the outstanding subordinated bonds issued by SRLEV NV placed with third parties, was lifted.

At the announcement of the completion of the sale of VIVAT NV to Anbang, SNS REAAL NV announced that SRLEV NV would continue to make use of its optional interest payment deferral right not to pay the coupons on the bonds and that it would decide on the coupon payments after the capital injection. Now that VIVAT NV has received the capital injection, SRLEV NV decided to pay deferred interest and resume coupon payments on the bonds on 6 November 2015.

Subordinated private loans

Subordinated private loans comprise of a perpetual loan of € 95 million. This loan was granted by SNS REAAL NV. The private loan bears an interest rate of 8.9 percent (2014: 8.9 percent). The earliest repayment date is 24 April 2018.

As part of the Amended and Restated Sale and Purchase agreement (30 June 2015), SRLEV NV will repay to SNS REAAL NV € 95 million in subordinated intra-group loans within 180 days of the transfer of the shares in VIVAT NV to Anbang.

Final bonus account

The subordinated final bonus account liability is part of the actual solvency of SRLEV NV. This account concerns final bonus commitments relating to certain Life insurance policies and is predominantly of a long-term nature.

6 Insurance and reinsurance contracts

Breakdown of insurance and reinsurance contracts by segment

In € millions	Gross		Reinsurance	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
REAAL Life, for own risk	13,515	14,111	3,496	3,589
Zwitserleven, for own risk	16,754	17,009	1	-
Life, for own risk	30,269	31,120	3,497	3,589
REAAL Life, for account of policyholders	5,886	5,881	-	-
Zwitserleven, for account of policyholders	8,344	7,942	-	-
Life, for account of policyholders	14,230	13,823	-	-
Total	44,499	44,943	3,497	3,589

Breakdown of insurance and reinsurance contracts by contract

In € millions	Gross		Reinsurance	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Provision for Life insurance obligations	30,448	31,346	3,497	3,589
Unamortised interest rate discounts	-252	-295	-	-
Provision for profit-sharing, bonuses and discounts	73	69	-	-
Life, for own risk	30,269	31,120	3,497	3,589
Technical provisions for insurance on behalf of policyholders	14,230	13,823	-	-
Life, for account of policyholders	14,230	13,823	-	-
Total	44,499	44,943	3,497	3,589

Insurance contracts are predominantly of a long-term nature.

As part of the simplification of systems and software within SRLEV NV, insurance portfolios were converted from REAAL to Zwitserleven systems. In this context, € 336 million of the insurance portfolio was transferred from REAAL Leven to Zwitserleven in the first half year 2015 (2014: € 2,531 million). The portfolio was transferred at the carrying amount of the insurance liabilities.

On 17 November 2010, SNS REAAL NV reached final agreement with Stichting Verliespolis on the compensation scheme for unit-linked policyholders. At 30 June 2015, the provision for Life insurance liabilities included € 85 million for compensation to unit-linked policyholders (31 December 2014: € 82 million). Of this provision, nil was utilized in the first half year 2015 (2014: € 2 million).

In 2015, life insurance liabilities included € 3 million (2014: € 19 million) in compensation to unit-linked policyholders, consisting of an addition of € 3 million (2014: € 24 million) and a release of nil (2014: € 5 million).

SRLEV NV has guaranteed obligations arising under an insurance contract between NV Pensioen ESC, a subsidiary of SRLEV NV, and a third party related to the defined benefit plan of that party for the term of the contract. The obligations, including the indexation reserves, are contingent on the financial position of NV Pensioen ESC, which – as stipulated in the contract with the third party – will be guaranteed by VIVAT NV if the solvency ratio of SRLEV NV should fall below 150 percent.

Statement of changes in provisions for life insurance obligations (retention risk)

In € millions	Gross		Reinsurance	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Balance as at 1 January	31,346	26,216	3,589	3,863
Portfolio reclassification	88	601	-	-
Reclassification to provision for employee benefits	-154	-	-	-
Benefits paid	-865	-1,664	-234	-533
Premiums received	601	1,358	88	161
Interest added	455	862	65	142
Technical result	-78	-174	-35	-112
Release of expense loading	-67	-153	24	68
Change in shadow accounting	-809	3,459	-	-
Change in statement of profit or loss by IFRS LAT shortfall	-59	838	-	-
Other movements	-10	3	-	-
Balance as at the end of period	30,448	31,346	3,497	3,589

In the first half year 2015, an amount of € 88 million was reclassified from life insurance for account of policyholders to retained life insurance liabilities (2014: € 601 million). This concerned group pension contracts. At the end of the contract terms, these contracts were converted into other contract forms on behalf of SRLEV NV. This transfer took place in dialogue with the customers. Additional provisions relating to these insurance contracts were also converted into retained insurance contracts. In the first half year 2015 these additional provisions amounted to € 57 million (2014: € 216 million).

The table below breaks down movements as a result of shadow accounting versus the corresponding movement in insurance contracts in the statement of financial position.

Breakdown of changes in shadow accounting in provisions for life insurance obligations

In € millions	Through OCI, revaluation reserves		Through statement of profit or loss, technical claims and benefits		Total	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Results on allocated investments and interest derivatives ¹	-	-	-22	-56	-22	-56
Profit-sharing	-130	562	-18	161	-148	723
Shadow loss accounting	-687	2,792	48	-	-639	2,792
Total changes in shadow accounting in provision for Life insurance obligations	-817	3,354	8	105	-809	3,459
Taxation	-204	839	2	26	-202	865
Total changes, net	-613	2,515	6	79	-607	2,594

¹ This relates to results on interest derivatives and fixed income investments available for sale recognised in profit and loss, provided that they are held to match interest related derivatives and guarantees for account of policyholders, embedded in the provision for life insurance obligations.

Statement of changes in technical provisions for investments for account of policyholders

In € millions	30 June 2015	31 December 2014
Balance as at 1 January	13,823	13,765
Portfolio reclassification	-88	-601
Premiums received	440	980
Benefits paid	-668	-1,190
Interest added	343	617
Exchange rate / valuation differences	437	448
Technical result	-23	-36
Release of expense loading	-36	-102
Other movements	2	-58
Balance as at the end of period	14,230	13,823

7 Employee benefits**Breakdown of provision for employee benefits**

In € millions	30 June 2015	31 December 2014
Pension commitments	169	-
Total	169	-

Pension commitments

The pension rights of employees continuing under acquired pension plans are designated as defined benefit plans. In most cases these plans are insured internally with SRLEV NV. A number of plans are insured externally.

Until 31 December 2014, these rights were provided for by SNS REAAL NV as part of employee benefit liabilities under IAS 19. At the beginning of 2015, these liabilities relating to staff transferred to SRLEV NV were allocated to SRLEV NV.

Breakdown of pension commitments**Breakdown of pension commitments**

In € millions	30 June 2015	31 December 2014
Present value of defined benefit obligations	188	-
Fair value of plan assets	19	-
Present value of the net liabilities	169	-

Main actuarial principles

In percentages	30 June 2015	31 December 2014
Discount rate	2.4%	2.1%
Expected salary increase	1,3% - 2,0%	1,3% - 2,0%

The return on qualifying plan assets is equal to the discount rate by which the pension commitments are increased and so no expected return is taken into account in the above table.

8 Commitments and contingencies**Contingent liabilities****Breakdown of contingent liabilities**

In € millions	30 June 2015	31 December 2014
Liabilities from pledges and guarantees given	-	3
Liabilities from irrevocable facilities	57	54
Total	57	57

Liabilities from tiered loans relate to SRLEV NV's maximum potential credit risk arising from tiered loans from ABN AMRO as the intermediary. Tiered loans are private loans whose principal is not paid as a lump sum but according to a schedule. Over the course of time, subsequent payments will form part of the investment portfolio. This exposure does not affect SRLEV NV's solvency margin.

At 30 June 2015, SRLEV NV had assumed commitments to invest € 55 million in investment funds. These funds may in due course call these commitments (capital calls). Ahead of these capital calls, securities have been identified that can be sold as soon as there is a capital call. This exposure has no effect on capital for SRLEV NV's solvency.

At 30 June 2015, SRLEV NV had assumed commitments of € 2.2 million for the renovation of an investment property.

Related-party balances are presented in Note 9, Related parties.

Guarantee schemes

See Note 6, Insurance and reinsurance contracts for details on the insurance contract between NV Pensioen ESC, an associate of SRLEV NV, and a third party.

DNB can impose a levy on SRLEV NV and Proteq Levensverzekeringen NV as part of a relief scheme, which stipulates that a Life insurer falling short of the minimum solvency requirement can be transferred to a relief institution through reinsurance or portfolio transfer. The capital required is apportioned among Life insurers, taking into account their own solvency requirements, with a maximum of approximately € 269 million in total and approximately € 135 million per relief situation for all Life insurers jointly.

In 2012, SRLEV NV revised separate account contracts before the end date of the contracts to make the shortfalls arising from issued guarantees more manageable. Agreement was reached with customers, in which process customers funded the increased charges of longevity risk while SRLEV NV bore part of the interest shortfall. At 30 June 2015, there was a liability of € 7.2 million relating to this separate accounts restructuring (year-end 2014: € 7.2 million). The customers' liability in respect of this restructuring was € 15.7 million at 30 June 2015 (year-end 2014: € 29 million).

Guarantees received

The market value of guarantees received under the National Mortgage Guarantee Fund (Dutch acronym: 'NHG') amounted to € 1,101 million at 30 June 2015 (year-end 2014: € 1,132 million).

The market value of the collateral of the mortgages was € 3,188 million at 30 June 2015 (year-end 2014: € 3,227 million). The amortised cost of the mortgages was € 1,976 million at 30 June 2015 (year-end 2014: € 2,060 million).

Netherlands Reinsurance Company for Losses from Terrorism

In 2015, SRLEV NV holds a 13.60 percent share in the Life cluster (2014: 14.45 percent) of the Netherlands Reinsurance Company for Losses from Terrorism (Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden NV). In 2015, the guarantee will be € 54 million (2014: € 58 million) and premiums is amount to € 0.6 million (2014: € 0.7 million).

Legal proceedings

SRLEV NV is involved in legal proceedings. Although it is impossible to predict the outcome of current or pending legal proceedings, management believes on the basis of currently available information and after taking legal advice that the outcome of these proceedings is unlikely to have any material adverse effects on SRLEV NV's financial position or operating results.

Unit-linked policies

Since 2008, there has been widespread public concern about the costs and risks related to unit-linked policies and the question of whether insurance companies provided adequate information to their current and prospective unit-linked policyholders. In response to this, SRLEV NV (and other insurers) created a compensation scheme with consumer organisations. Based on this scheme, the costs that have been and will be charged until the maturity date will be paid into the policy if these costs are higher than the maximum percentage specified in the compensation scheme. The compensation scheme has been implemented. An audit of the implementation has uncovered a small number of weaknesses; payments will be made to customers to rectify these weaknesses. A provision has been formed for the amount involved.

While earlier attention mainly focused on compensation for costs, Dutch insurers are now seeing an increase in complaints/claims involving unit-linked policies raised on different grounds. Regulators, politicians and media have also turned their attention to unit-linked insurance policies. Since 2008, SRLEV NV has received a large number of complaints/claims from customers who blame it for not having informed (or warned) them clearly enough about the associated costs, specific product features and attached risks prior to them taking out a policy. Some customers also blame SRLEV NV for not having warned them well enough about the possible impact of actual developments, such as the credit crunch, on the target capital during the duration of the policy.

SRLEV NV uses various tools to communicate with customers and encourages them to check whether their unit-linked policies still meet the purposes for which they were originally taken out and to consider revising their products or switching to other forms of capital accumulation ('complementary strategy').

The number of legal proceedings against SRLEV NV that involve unit-linked policies is limited but growing. Up to 1 September 2015, fewer than 100 legal proceedings connected with the above issue had been initiated against SRLEV NV, either before the civil courts or the Complainants Committee of Kifid. Approximately 50 of those proceedings were still pending on 1 September 2015, including a class action before the court in Alkmaar brought by VerenigingWoekerpolis.nl. To date, the number of cases in which SRLEV NV has been required to pay damages following a decision by the Arbitration Committee or a civil court has been very limited. The possibility of adverse judgements is growing, however, as the number of cases increases. The costs of the compensation scheme and complementary strategy are substantial; and have been recognised in the financial statements. Current and any future subsequent legal proceedings could have a substantial financial and reputational impact. However, it is not possible at this time to make reliable estimates of the expected number of proceedings, possible future precedents or the financial impact of current and possible future proceedings. As a result, no provision has been formed. Much of the attention of the public, politicians and regulators has now shifted from the costs of investment-linked insurances to the efforts undertaken by the insurers to mobilise customers with an active investment-linked insurance to review their position. New legislation has recently been implemented that enables the AFM to impose sanctions if mobilisation targets set by the AFM are not met by the insurers.

9 Related parties

Identity of related parties

Parties are considered to be related if one party can exercise control or significantly affect the other party's financial or operating policies. SRLEV NV has a range of normal business relationships with related companies and parties as part of its ordinary activities. SRLEV NV's related parties at 30 June 2015 were its parent VIVAT NV, SNS REAAL NV, subsidiaries, associates, joint ventures, Stichting administratiekantoor beheer financiële instellingen (NLF1), the Dutch State and senior management and their close family members. Transactions with related parties primarily concern normal banking and insurance activities, taxation and other administrative activities. Unless stated otherwise, transactions with related parties are conducted at arm's length.

Intra-group balances between SRLEV NV, SNS REAAL NV, VIVAT NV, SNS Bank NV, associates and joint ventures

Tax group

The tax group for income tax and VAT purposes between SNS REAAL NV, SNS Bank NV and VIVAT NV (of which SRLEV NV is a wholly owned subsidiary) was terminated on 30 June 2015. Immediately afterwards, VIVAT NV and its subsidiaries (e.g. SRLEV NV) formed a new tax group and are jointly and severally liable for the group's income tax and VAT debts.

Funding-related intra-group balances

At 30 June 2015, the intra-group balances were:

- A credit facility of € 200 million with SRLEV NV. Six sub-loans with a combined value of € 105 million at 30 June 2015.
- A Subordinated private loan of € 95 million. SRLEV NV will repay to SNS REAAL NV € 95 million in subordinated intra-group loan within 180 days after 26 July 2015, the date of the transfer of the shares in VIVAT NV to Anbang.

Mortgage-related intra-group balances

Reference is made to the annual report 2014 of SRLEV NV for detailed information about mortgage-related intra-group balances. At 30 June 2015, the total amount of savings outstanding between SNS Bank NV and SRLEV NV amounted to € 1,674 million (2014: € 1,641 million), of which € 789 million (2014: € 806 million) related to sub-participations in securitisations. SNS Bank NV has legally transferred the balance of these two amounts to SRLEV NV by cession/ retrocession.

Other significant intra-group balances between SRLEV NV and related parties:

- At 30 June 2015, SRLEV NV's investments in fixed-income securities issued by SNS Bank NV were € 23 million (2014: € 23 million).
- At 30 June 2015, SRLEV NV's investments, measured at amortised cost, in bonds issued by various Holland Homes securitisation entities consolidated by SNS Bank NV were € 45 million (2014: € 48 million).
- In the first half year of 2015, the operations of REAAL Banking Services, were transferred to SNS Bank NV, which will continue these operations under the BLG Wonen label.

10 Post balance sheet events

Governance

On 3 July 2015, DNB issued its Declaration of No Objection for the sale of REAAL NV to Anbang. Following the approval of the Chinese regulator ("CIRC") SNS REAAL NV announced on 26 July 2015 that the sale had been concluded and the shares of REAAL NV were transferred to Anbang as of that date.

On 26 July 2015, the name of REAAL NV was officially changed into VIVAT NV. The following management changes were announced on the same day:

Appointments to the Supervisory Board of VIVAT NV:

- Jan Nooitgedagt, Chairman (Dutch nationality)
- Miriam van Dongen (Dutch nationality)
- Pierre Lefèvre (Belgian nationality)
- Ming He (American nationality)
- Kevin C.K. Shum (British nationality)

Since 26 July 2015, the five Supervisory Board members have also formed the Supervisory Boards of SRLEV NV, Reaal Schadeverzekeringen NV and Proteq Levensverzekeringen NV.

Appointments to the Executive Board:

- Gerard van Olphen, Chief Executive Officer (Dutch nationality)
- Albert Bakker, Chief Operations Officer (Dutch nationality)
- Xiao Wei Wu, Chief Transformation Officer (Chinese nationality)
- Tang Lan, Chief Finance and Risk Officer (British nationality)
- Feng Zhang, Chief of Staff (Chinese nationality)

The Executive Board of VIVAT NV will carry out strategic changes at VIVAT NV and its brands and improve and monitor the financial performance and risk profile of VIVAT NV at the consolidated level. Additionally the Executive Board will support the Dutch and European strategy of Anbang.

On 26 July 2015 also changes in the boards of SRLEV NV and Reaal Schadeverzekeringen NV were announced. The Dutch insurance entities which serve the customers of the VIVAT NV's brands will, under the chairmanship of Gerard van Olphen, be managed by:

- Seada van den Herik, Chief Executive Officer of Zwitterleven

- Jacob de Wit, Chief Executive Officer of ACTIAM NV
- Arjen Schouten, Chief Financial Officer
- Willem Horstmann, Chief Risk Officer
- Albert Bakker, Chief Operations Officer

All have the Dutch nationality.

On 14 September 2015 Gerard van Olphen stepped down from the boards of VIVAT NV and its subsidiaries. Pending the appointment of a new Chairman of the Executive Board, Albert Bakker will be acting Chairman and be assisted by Jan Nooitgedagt who will be the Supervisory Board member delegate during this interim period.

As of 23 October 2015, Yinhua Cao is appointed Chief Financial Officer of VIVAT NV, SRLEV NV and Proteq Levensverzekeringen NV (both Life & Pension risk bearers) and Reaal Schadeverzekeringen NV (Non-Life risk bearer). Lan Tang will remain in the Executive Board of VIVAT NV as Chief Risk Officer. From now on, the statutory boards of the before mentioned risk bearers consist of Albert Bakker, Xiao Wei Wu, Lan Tang, Yinhua Cao and Feng Zhang.

Miriam van Dongen will, next to Jan Nooitgedagt, assist the Executive Board of VIVAT NV as well as the Managing Boards of the before mentioned risk bearers, as Supervisory Board member delegate, during the interim period pending the appointment of a Chairman for all of these entities.

Strategic review

Under the auspices of the new boards a programme was started comprising an extensive and integral strategic review. The outcome of this review will give direction to the strategy of the Dutch operations in the coming years. The main thrust of the new strategy focuses on three areas:

- Returning all business lines to profitability;
- Increasing the effectiveness and efficiency of the operations and staff;
- Expanding the commercial strength of the VIVAT NV's brands.

The strategic review is expected to last into the fourth quarter of 2015. Any resultant changes in the current strategy will be put into effect during 2016.

Capital injection

On 23 October 2015, in accordance with the SPA and the Declaration of No Objection, VIVAT NV received a capital injection of € 1.35 billion from Anbang. As a result of the capital injection the solvency II ratio of VIVAT NV will increase to above 150 percent. On the same day, € 550 million (€ 445 million share premium and € 105 million loan redemption) has been transferred to SRLEV NV.

Coupon payments

SRLEV NV issued € 400 million subordinated bonds (ISIN code XS0616936372) and CHF 105 million undated callable subordinated bonds (ISIN code CH0130249581) (the Bonds). At the announcement of the completion of the sale of VIVAT NV to Anbang, SNS REAAL NV announced that SRLEV NV would continue to make use of its optional interest payment deferral right not to pay the coupons on the Bonds and that it would decide on the coupon payments after the capital injection. Now that VIVAT NV has received the capital injection, SRLEV NV decided to pay deferred interest and resume coupon payments on the Bonds on 6 November 2015.

11 Net premium income

Premium income consists of insurance premiums net of reinsurance premiums.

Breakdown of net premium income

In € millions	Own account		For account of policyholders		Total	
	1st half year 2015	1st half year 2014	1st half year 2015	1st half year 2014	1st half year 2015	1st half year 2014
Regular premiums REAAL Life	311	326	164	188	475	514
Regular premiums Zwitterleven	202	222	241	300	443	522
Total gross regular premiums	513	548	405	488	918	1,036
Single premiums REAAL Life	23	43	2	-	25	43
Single premiums Zwitterleven	65	148	33	47	98	195
Total gross single premiums	88	191	35	47	123	238
Total gross premium income	601	739	440	535	1,041	1,274
Total reinsurance premiums	88	82	-	-	88	82
Total net premium income	513	657	440	535	953	1,192

12 Investment income**Breakdown of investment income**

In € millions	1st half year 2015	1st half year 2014
Fair value through profit or loss: Designated	18	5
Available for sale	324	475
Loans and receivables	248	250
Investment property	11	8
Total	601	738

Rental income from investment property includes both rentals and directly attributable operating expenses. Operating expenses amounted to € 3.1 million (first half year of 2014: € 2.2 million).

Investment income includes a net gain on currency differences of € 4.2 million (first half year of 2014: € 1.8 million). Realised revaluations in investments decreased to € 47 million (first half year of 2014: € 184 million).

13 Investment income for account of policyholders**Breakdown of investment income for account of policyholders**

In € millions	1st half year 2015	1st half year 2014
Interest	25	24
Dividend	131	116
Total interest and dividend	156	140
Revaluations	435	942
Total	591	1,082

The positive result relating to revaluations (€ 435 million) was mainly caused by declining long-term interest rates and rising share indices in the first quarter.

14 Technical claims and benefits

Technical claims and benefits include benefits paid, surrenders, claims paid, claim handling costs and changes in insurance contracts. This item also includes profit-sharing and discounts. Profit-sharing and discounts include € 20 million in amortisation of interest rate rebates (first half year of 2014: € 31 million).

Breakdown of technical claims and benefits

In € millions	Gross		Reinsurance		Total	
	1st half year 2015	1st half year 2014	1st half year 2015	1st half year 2014	1st half year 2015	1st half year 2014
Benefits paid and surrenders for own account	865	935	-234	-233	631	702
Change in technical provisions for own account	154	325	93	101	247	426
Profit-sharing and discounts	20	31	-	-	20	31
Change in shadow accounting	-59	402	-	-	-59	402
Change in LAT shortfall	-	-	-	-	-	-
Total	980	1,693	-141	-132	839	1,561

The change in technical provisions for own account includes compensation paid to unit-linked policyholders and compensation relating to defined contribution plans.

15 Charges for account of policyholders

Charges for account of policyholders include benefits paid, surrenders and changes in insurance contracts. This item also includes profit-sharing and discounts relating to these policyholders.

Breakdown of charges for account of policyholders

In € millions	1st half year 2015	1st half year 2014
Benefits paid and surrenders for Life insurance contracts for account of policyholders	668	625
Change in technical provisions for Life insurance contracts for account of policyholders	235	751
Total	903	1,376

16 Impairment charges

Breakdown of impairment charges by class of asset

In € millions	Impairments		Reversals		Total	
	1st half year 2015	1st half year 2014	1st half year 2015	1st half year 2014	1st half year 2015	1st half year 2014
Through profit or loss						
Property and equipment	2	2	-	-	2	2
Investments	24	2	-	-	24	2
Other debts	1	7	-	-	1	7
Total through profit or loss	27	11	-	-	27	11

There were no impairment charges through equity in the first half year of 2015 and in the first half year of 2014.

17 Taxation

Breakdown of taxation

In € millions	1st half year 2015	1st half year 2014
In financial year	61	-75
Prior year adjustments	-	-
Corporate income tax due	61	-75
Due to temporary differences	-32	-
Deferred tax	-32	-
Total	29	-75

The effective tax rate over the first half year of 2015 was 24.9 percent compared to an effective tax rate of 25.0 percent over the first half year of 2014.

3.3 Additional notes to the condensed interim consolidated **financial** statements

18 Financial instruments

Fair value of **financial** assets and **liabilities**

The table below shows the fair value of SRLEV NV's financial assets and liabilities. It only shows the financial assets and financial liabilities and does not include items that do not meet the definition of a financial asset or liability. The total fair value shown below does not represent the carrying amount for SRLEV NV and should not be interpreted as such.

Value of financial assets and liabilities

In € millions	Fair value	Carrying amount	Fair value	Carrying amount
	30 June 2015	30 June 2015	31 December 2014	31 December 2014
Financial assets				
Investments				
- Fair value through profit or loss: designated	195	195	225	225
- Available for sale	25,200	25,200	25,496	25,496
- Loans and receivables	7,263	7,038	7,239	6,991
- Mortgages	2,282	1,973	2,338	2,058
Investments for account of policyholders	14,826	14,826	14,567	14,559
Derivatives	681	681	846	846
Loans and advances to banks	270	270	321	321
Other assets	550	550	442	442
Cash and cash equivalents	166	166	344	344
Total financial assets	51,433	50,899	51,818	51,282
Financial liabilities				
Subordinated debt	772	682	701	680
Derivatives	119	119	169	169
Amounts due to banks	1,402	1,402	1,504	1,504
Other liabilities	5,907	5,907	6,156	6,156
Total financial liabilities	8,200	8,110	8,530	8,509

The fair values represent the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction on the measurement date. The fair value of financial assets and liabilities is based on quoted market prices, where observable. If prices in an active market are not available, various valuation techniques are used to measure the fair value of these instruments. Parameters used in such valuation techniques may be subjective and various assumptions are used.

The fair value of financial assets and liabilities at amortised cost is shown excluding of accrued interest. Accrued interest related to these instruments is recognised within other assets or other liabilities.

Hierarchy for determining the fair value of financial instruments

A large part of the financial instruments is recognised at fair value. The fair value of financial instruments measured at fair value in the statement of financial position or for which the fair value is disclosed is classified as a level. This level depends on the parameters used to determine fair value and provides further insight into the valuation. The levels are explained in the annual report 2014 of REAAL NV.

The table below shows the instruments in level 1, level 2 and level 3. Financial assets and liabilities not measured at fair value and whose carrying amount is a reasonable approximation of fair value are not classified by level.

Hierarchy of financial instruments at 30 June 2015

In € millions	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value					
Investments at fair value through profit or loss: designated	195	-	172	23	195
Investments available for sale	25,200	23,370	1,251	579	25,200
Investments for account of policyholders	14,826	14,319	134	373	14,826
Derivatives	681	-	681	-	681
	40,902	37,689	2,238	975	40,902
Financial assets not measured at fair value					
Mortgages	1,973	-	-	1,972	1,972
Investments loans and advances	7,038	-	838	6,391	7,229
Loans and advances to banks	270	-	-	-	-
Other assets	550	-	-	-	-
Cash and cash equivalents	166	-	-	-	-
Financial liabilities measured at fair value					
Derivatives	119	-	74	45	119
Financial liabilities not measured at fair value					
Subordinated debt	682	498	184	-	682
Amounts due to banks	1,402	-	-	-	-
Other liabilities	5,907	-	-	-	-

Hierarchy of financial instruments at 31 December 2014

In € millions	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value					
Investments at fair value through profit or loss: designated	225	-	201	24	225
Investments available for sale	25,496	23,688	1,276	532	25,496
Investments for account of policyholders	14,559	14,069	120	378	14,567
Derivatives	846	-	843	3	846
	41,126	37,757	2,440	937	41,134
Financial assets not measured at fair value					
Mortgages	2,058	-	-	2,346	2,346
Investments loans and advances	6,991	-	7,153	78	7,231
Loans and advances to banks	321	-	-	-	-
Other assets	442	-	-	-	-
Cash and cash equivalents	344	-	-	-	-
Financial liabilities measured at fair value					
Derivatives	169	-	121	48	169
Financial liabilities not measured at fair value					
Subordinated debt	680	485	216	-	701
Amounts due to banks	1,504	-	-	-	-
Other liabilities	6,156	-	-	-	-

The tables below show the movements in financial instruments measured at fair value and classified in level 3.

Change in level 3 financial instruments in first half year of 2015

In € millions	Derivatives	Investments for account of policyholders	Fair value through profit and loss: designated	Available for sale	Total
Balance as at 1 January	-46	378	23	533	888
					-
Transfer to level 3	-	-	-	51	51
Realised gains or losses recognised in profit or loss	-	-	-	35	35
Unrealised gains or losses recognised in profit or loss	4	-	-	-	4
Unrealised gains or losses recognised in other comprehensive income	-2	-	-	-3	-5
Purchase/acquisition	-	11	-	102	113
Sale/settlements	-	-13	1	-106	-118
Other	-	-3	-1	-33	-37
Transfer from level 3	-1	-	-	-	-1
Balance as at 30 June	-45	373	23	579	930
Total gains and losses included in profit or loss				35	35

Change in level 3 financial instruments in 2014

In € millions	Derivatives	Investments for account of policyholders	Fair value through profit and loss: designated	Available for sale	Total
Balance as at 1 January	-	411	14	648	1,073
Transfer to level 3	-46	-	11	8	-27
Realised gains or losses recognised in profit or loss	-	9	-1	20	28
Unrealised gains or losses recognised in profit or loss	-	6	-	-4	2
Unrealised gains or losses recognised in other comprehensive income	-	-	-	6	6
Aankoop/acquisitie	-	9	-	79	88
Sale/settlements	-	-20	-1	-218	-239
Other	-	-	-	3	3
Transfer from level 3	-	-37	-	-9	-46
Balance as at 31 December	-46	378	23	533	888
Total gains and losses included in profit or loss	-	-	-	-	-

Breakdown of level 3 financial instruments

In € millions	30 June 2015	31 December 2014
Bonds issued by financial institutions	51	62
Collateralised debt obligation	260	146
Collateralised loan obligation	-	12
Equities	291	336
Derivatives	-45	-46
Investments for account of policyholders	373	378
Total	930	888

Impairments of financial instruments by level

In € millions	Level 1		Level 2		Level 3		Total	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Equities	-	-	-	-	5	4	5	4
Bonds	-	-	-	-	18	-	18	-
Total	-	-	-	-	24	4	24	4

The table below shows movements between the levels of financial assets and liabilities measured at fair value.

Reclassification between levels 2015

In € millions	to Level 1	to Level 2	to Level 3	Total
From:				
Based on published stock prices in an active market (Level 1)	-	48	-	48
Based on observable market data (Level 2)	-	-	51	51
Not based on observable market data (Level 3)	-	1	-	1

Reclassification between levels 1, 2 and 3**Transfers between levels 1 and 2**

At 30 June 2015, € 48 million was transferred from level 1 to level 2 for bonds for which an active market (willing buyers and sellers can normally be found at any time) was no longer available or bonds for which the valuation was determined using a model where the parameters include available market inputs.

Transfers between levels 3 and 2

At 30 June 2015, € 51 million was transferred from level 3 to level 2 for derivatives for which observable inputs are available. There is no measurement uncertainty (significant deviations with counterparty valuations).

Netting financial assets and liabilities

The table below shows the financial assets and liabilities that are subject to netting and the related amounts that are not netted but serve to mitigate credit risk.

Financial assets and liabilities at 30 June 2015

In € millions	Gross carrying amount	Related amounts not netted in the carrying amount					Netted value
		Offsetting carrying amount	Netted carrying amount	Financial instruments	Cash collateral	Other financial collateral	
<i>Financial assets</i>							
Derivatives	681	-	681	-50	270	-	461
Total financial assets	681	-	681	-50	270	-	461
<i>Financial liabilities</i>							
Derivatives	119	-	119	78	41	-	-
Amounts due to banks	1,402	-	1,402	337	-	-	1,065
Total financial liabilities	1,521	-	1,521	415	41	-	1,065

Financial assets and liabilities at 31 December 2014

In € millions	Gross carrying amount	Related amounts not netted in the carrying amount					Netted value
		Offsetting carrying amount	Netted carrying amount	Financial instruments	Cash collateral	Other financial collateral	
<i>Financial assets</i>							
Derivatives	846	-	846	313	526	-	7
Total financial assets	846	-	846	313	526	-	7
<i>Financial liabilities</i>							
Derivatives	169	-	169	52	117	-	-
Amounts due to banks	1,504	-	1,504	260	-	260	984
Total financial liabilities	1,673	-	1,673	312	117	260	984

19 Hedging and hedge accounting

SRLEV NV uses various strategies for its insurance business to hedge its interest rate, market and currency risks associated with solvency. Under IFRS, derivatives are recognised at fair value in the statement of financial position while changes in their fair value are recognised through profit or loss. An accounting mismatch arises if changes in the fair value of hedged risks are not recognised through profit or loss, causing volatility in the results. In these cases, hedge accounting is applied in principle to mitigate the accounting mismatch and volatility.

The nominal amounts of the derivatives used for hedging purposes shown in the table below reflect the degree to which SRLEV NV is active in the relevant markets.

Derivatives for hedging purposes at 30 June 2015

In € millions	Nominal amounts			Total	Fair value	
	< 1 year	1 - 5 years	> 5 years		Positive	Negative
Interest rate contracts						
- Swaps and FRAs	-	102	3,860	3,962	274	-85
- Options	1,258	3,928	5,224	10,410	380	-34
Index contracts						
- Futures	-1,879	-	-	-1,879	-	-
Currency contracts						
- Swaps	-	101	-	101	20	-
- Forwards	-163	-	-	-163	7	-
Total	-784	4,131	9,084	12,431	681	-119

SRLEV NV has used futures since March 2015 to increase its exposure and/or for asset-liability matching purposes.

Derivatives for hedging purposes at 31 December 2014

In € millions	Nominal amounts			Total	Fair value	
	< 1 year	1 - 5 years	> 5 years		Positive	Negative
Interest rate contracts						
- Swaps and FRAs	-	103	1,566	1,669	423	-122
- Options	1,133	4,653	5,728	11,514	421	-41
Currency contracts						
- Swaps	-	87	-	87	1	-
- Forwards	-176	-	-	-176	1	-6
Total	957	4,843	7,294	13,094	846	-169

The nominal amounts are the units of account relating to the derivatives, specifying the relationship with the underlying values of the primary financial instruments. These nominal amounts are not an indication of the size of the cash flows or market and credit risks relating to the transactions.

Hedging

SRLEV NV uses derivatives to protect the market value of own funds and regulatory solvency against undesirable market developments. Examples include:

- hedging interest rate risks arising from return guarantees made to policyholders;
- hedging interest rate risks arising from obligations to share surplus interest with policyholders;
- hedging interest rate risks arising from the difference in maturities between investments and liabilities; and
- hedging currency risks on investments and liabilities denominated in foreign currencies.

Hedge accounting

SRLEV NV applies two types of hedge accounting, fair value hedges and cash flow hedges, in the majority of the hedging strategies described above.

Fair value hedges

Hedging currency risk in equity portfolio

SRLEV NV hedges the currency risk in the equity portfolio using foreign exchange futures contracts.

Hedging interest rate risk on subordinated debts

SRLEV NV hedges the interest rate risk in the subordinated debts using interest rate swaps.

Cashflow hedges

Hedging interest rate risk in future reinvestments

SRLEV NV has renewed the effective maturity of two investment portfolios at macro level using interest rate swaps. As a result, the interest rate risk has been hedged by fixing the interest rates at the time of reinvestment, making the interest income constant over a longer period. Reinvestments are made as soon as the current swap matures, at which time reinvestments are made in fixed-income securities. The characteristics of this reinvestment (maturity, coupon dates) are largely similar to those of the sold (long-term) swap. As a result, the effectiveness of the hedge is virtually 100 percent.

At 30 June 2015, 12 of these combinations were outstanding (year-end 2014: 12 combinations). No hedge relationships were terminated in 2015.

Reinvestment calendar interest rate swaps (nominal amounts)

In € millions	30 June 2015	31 December 2014
< 1 year	58	58
1 - 5 years	102	78
> 5 years	447	471
Total	607	607

A net unrealised revaluation gain of € 105 million was accrued in own funds at 30 June 2015 (2014: € 121 million). This fair value gain will be released to profit or loss at the moment of reinvestment specified above, over a period equal to the swap's remaining term to maturity.

Hedge accounting is not applied by SRLEV NV to swaptions and related hedged positions.

3.4 Executive Board Responsibility Statement

The Executive Board declares that, to the best of its knowledge, the Condensed Consolidated Interim Financial Statements, which have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union, give a true and fair view of the assets, liabilities, financial condition and profit or loss of SRLEV NV.

Alkmaar, the Netherlands, 3 November 2015

Executive Board

Represented by

A.F.J. Bakker (Acting Chairman)

L.Tang (Chief Risk Officer)

4 Independent auditor's review report

Review report

To: The Executive Board of SRLEV N.V.

Introduction

We have reviewed the condensed consolidated interim financial information as at 30 June 2015 of SRLEV N.V., Alkmaar, (hereafter "interim financial information") which is part of the accompanying SRLEV NV Interim Report 1st half year of 2015. The interim financial information comprises the condensed interim consolidated statement of financial position as at 30 June 2015, the condensed interim consolidated income statement, the condensed interim consolidated statement of changes in equity and the condensed interim consolidated cash flow statement for the period of six months ended 30 June 2015, and the notes. The Executive Board of SRLEV N.V. is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information as at 30 June 2015, which is part of the accompanying SRLEV NV Interim Report 1st half year of 2015, is not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, 3 November 2015

KPMG Accountants N.V.

F.M. van den Wildenberg RA

