APG Groep NV Annual Report 2015

apg
tomorrow is today

APG
Groep NV
Annual Report
2015

APG Groep Profile

Financial services provider APG Group (hereafter: APG) provides services such as executive consultancy, asset management, pension administration, pension communication and employers services. APG performs these activities on behalf of (pension) funds and employers in the sectors of education, government, construction, cleaning and glass cleaning, housing associations, energy and utility companies, sheltered employment and medical specialists. APG manages about € 400 billion in pension assets for its clients in these sectors. It also offers supplementary income products for individuals as well as the administration of defined contribution schemes for Premium Pension Institutions (PPIs), (company) pension funds, insurance companies and asset managers. APG works for over 40,000 employers, providing the pension for one in five families in the Netherlands (approximately 4.5 million participants). APG has offices in Heerlen, Amsterdam, Brussels, New York and Hong Kong.

Tomorrow is today

APG's motto is "Tomorrow is today." This underscores the message that APG works hard every day to ensure tomorrow's pensions. A good pension in the future requires a sound long-term investment strategy and robust pension management today. Investing in innovation is important to keep our organization and pensions future-proof, in a broad sense. APG's mission is to achieve a decent and affordable pension for as many people as possible in exchange for reasonable compensation. The focus is on the participants, the individuals for whom APG performs its services. This provides APG's employees the context in which all efforts are made.

The organization

APG has the following business units:

APG Rechtenbeheer

APG Rechtenbeheer is responsible for pension administration, pension communication and executive consultancy for its clients. APG provides pension administration for funds (pension funds, early retirement and Social Investment funds) in the public and private sector.

APG Asset Management

APG Asset Management is responsible for the asset management. APG is a long-term investor of pension assets, which calls for a sustainable investment policy. Implementing the sustainable investment policy is an integral part of the investment process.

APG Deelnemingen

APG Deelnemingen concentrates on innovation and supplementary services, such as those provided to Premium Pension Institutions (PPIs) with the focus on products and services for individuals and employers. Important pillars in this are innovation experiments and the scalability of product solutions and platforms.

Loyalis

Insurance business Loyalis has an important role in supplementing pensions. Loyalis provides insurance solutions for both employers and employees in the sectors that APG serves and, since 2015, also offers a new product targeted to self employed individuals who employ no personell.

APG Diensten

APG Diensten functions as an internal service provider and is responsible for all ICT-related and facilities services.

APG Groep

In addition to the Executive Board, APG Groep also has various executive departments.

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This document can only be used for reference; it is a translation into English of an original Dutch document. In the event of any discrepancy between the two texts, the Dutch text shall prevail.

Key figures

(amounts in millions of euros)

	2015	2014
Group equity	1,209	1,273
Balance sheet total	4,752	4,876
Personnel (at year-end, in FTEs)	3,198	3,324
Total number of participants in the pension administration	4,449,077	4,467,654
number of which are active participants	1,453,942	1,479,617
number of which are retired employees	1,184,722	1,164,295
Assets under management	406,413	398,800
Return range on investments for clients (excluding interest rate hedge)	1.6% - 3.2%	8.4% -10.7%
Asset Management qualifying capital available (CRR/CRD IV)	169	222
Investments of Loyalis	3,020	3,097
Liabilities of Loyalis	2,948	3,086
Solvency of Loyalis (Solvency I)*	413%	372%
Operating income		
• Operational income	684	674
• Insurance income from supplementary products	253	261
• Investing income from supplementary products	22	367
• Other income	44	45
	1,003	1,347
Operating expenses		
• Operational charges	627	627
• Cost of benefits paid via supplementary products	300	295
• Change in insurance liabilities of supplementary products	-129	228
	798	1,150
Operating result	205	197
Net result	44	36

**As of 01/01/2016, Solvency II regulations apply; as of year-end Loyalis satisfies the internal standard of 150 percent in terms of the Solvency II ratio.*

Report of the Executive Board

Introduction

For APG, the year 2015 was focused on keeping the service at a high standard and at an affordable level. At the same time, it responded to new developments on the pension market.

The market for pensions is in flux. In July, the government presented its vision for the pension system. It is clear that this vision could prompt major changes to the system in the years to come. At the same time, there is growing dissatisfaction with the current pension system among participants, because of the lack of indexation, among other reasons. A solution is diligently being sought in the political and social discussion, in which there appears to be growing consensus on a pension system involving risk sharing and freedom of choice as part of a defined contribution agreement. Two important discussions in this context are the system discussion based on the government's view and the discussion that will follow in 2016 prompted by the Interdepartmental Policy Study 'Eenvoud loont' [Simplicity pays]. APG will be identifying the potential consequences of such a system change by means of its strategy project APG2017, which was started at the end of 2015.

A good pension is not possible without a good return at an acceptable risk. 2015 was a challenging investing year for our clients. The returns for our clients ranged from 1.6 to 3.2 percent (2014: 8.4 to 10.7 percent), excluding interest rate hedge.

With the launch of the online My Fund environment for a number of our client funds, 2015 saw an important renewal in our service in relation to pension communication. The My Fund environment enables participants to view the effect of, for example, retiring earlier, postponing retirement or trading in pension.

A large group of people who currently fall outside of collective pension accrual is the group of self-employed individuals employing no personnel. APG thinks it is important that they are also able to accrue a good pension. The ZZP Pension has been offered via Loyalis since 2015. Loyalis and APG joined forces with four organizations of the self-employed and freelance workers to ensure that those who are self employed and employing no personell can as, independent entrepreneurs, also accrue pension.

Further form and content was given to the innovation agenda in 2015. We started with an innovation organization which, via small-scale experiments, amasses experience using new technologies and working for and with different communities. Alongside this, together with Maastricht University and the Province of Limburg we made a start on setting up and investing in the Brightlands Smart Services Campus in Heerlen. The campus provides a place for startups, small and large businesses, researchers and students in the area of effective and innovative data use. On the basis of their research, smart products and services in the financial administrative areas may be developed.

Trends in the financial position

APG achieved a group operating result of € 205 million during 2015 (compared to € 197 million in 2014).

Turnover for 2015 was lower than in 2014, primarily because of lower investment income at Loyalis and lower structural turnover at APG Rechtenbeheer. APG achieved a net result after taxes of € 44 million during 2015 (compared to € 36 million in 2014). Besides the amortization of goodwill, the net result was significantly impacted by the allocation to the reorganization provision and related costs at APG of € 73.5 million (€ 68 million in 2014).

Our environment

In July 2015, the government presented its vision for the pension system. In essence, the government argued that the good elements - such as risk sharing among participants - should be retained. But it also contended that the system needed to be strengthened with reference to the four main points below:

- Pension must become more transparent and simpler. The government supports the further elaboration by the SER of a new pension agreement based on personal pension assets and collective risk sharing;
- There must be more latitude for customization and freedom of choice;
- The system must provide an adequate supplementary pension for all working people; and
- The average pension contribution system must be gradually phased out from 2020 onwards.

Changes to the pension system can also be prompted by, among other things, the SER advice on risk sharing or the Interdepartmental Policy Study 'Eenvoud loont' [Simplicity pays].

The legislative proposal on the APF (General Pension Fund) was adopted in the Lower and Upper Houses of Parliament at the end of 2015. The APF facilitates further consolidation of company pension funds in the sector, with the retention of control. The government announced that no later than in 2018, it wants to open up the APF for industry-wide pension funds, so that further consolidation becomes possible throughout the pension market. This sounds like a tight deadline, considering that it requires a change to the method by which participation is mandatory.

An important source of change at APG is the amendment of legislation and regulations, both nationally and internationally. For instance, 2015 saw the introduction of the adjusted Financial Assessment Framework, the retrenchment of tax-deductible pension accrual in the Witteveen Framework and the introduction of the net pension. APG helped employers' and employees' organizations as well as pension funds make choices. Another important change was the renewal of the Pensions Communication Act, with the introduction of layered pension communication and increasing digitization.

New European Union regulations are increasingly effecting the pension sector, and therefore for APG's clients, their participants and APG itself. In addition to proposals for new pension legislation, such as supervisory rules for pension funds (IORP), there are new rules for the financial sector in response to the financial economic crisis. APG is keeping a close eye on these developments and it alerts stakeholders if international legislation has negative effects for pension funds and their participants.

Our strategy

Flexibility is essential in order to be able to respond to changes in our environment optimally and on time. APG sees opportunities in the broadening and deepening of its service provision. Broadening involves expanding the current service provision into new market segments for collective pensions. Deepening involves developing and offering new individual pension products. For APG, this means supporting individual freedom of choice and offering customization in implementing this.

In order to make this possible and ensure costs are as efficient as possible, the last several years have been explicitly dominated by the multi-year strategic change program Fit for the Future. This program focuses on optimizing service to our clients, processes and APG's starting position for the future. The continuing pressure on prices calls for constant cost awareness. Our clients expect that lower operating costs will translate into lower rates for them. On the other hand, there is upward pressure on the costs due to amended legislation and regulations. Nonetheless, APG has succeeded in being able to offer its clients lower rates.

The APG2017 project is the continuation of Fit for the Future. In this project, APG has started taking stock of the possible consequences of a changed pension system, one with more freedom of choice for participants and risk sharing within a defined contribution agreement. This kind of system change would have a major impact on APG. A few implications include, for instance, the need to set up a large-scale and close-knit capital administration, but also the need to set up an advisory function to assist the participant with the increased number of choices. This will also have consequences for the participants. Their interest is our priority and we will assist our client funds in continuing to serve their participants well. The APG2017 project is therefore one of APG's top priorities for the coming year and will be carried out company-wide and in close cooperation with the Supervisory Board and shareholders. The exploration of the consequences of the expected system changes will be concluded during the first half of 2016; after this any decision making will take place.

APG's group-wide strategy translates into the operational strategy on the level of the different business units. These are described below.

APG Rechtenbeheer
APG Rechtenbeheer provides sound and reliable administrative service, advises on and implements changes in pension schemes, for instance those due to changes in legislation and regulations. Optimization projects are aimed at ensuring efficient and future-proof systems and processes. A new collections center was prepared in 2015, which was put into use in 2016. An example of the constant innovation in participant communication is the introduction of the My Fund environment mentioned earlier. Thanks to these developments, it is possible to see both an increase in customer satisfaction and a decrease in administration costs.

APG Asset Management
APG Asset Management has three strategic themes. Firstly, broadening and deepening the comprehensive investment proposition, among other ways by further developing the so-called smart beta/focused alpha investment strategies. The second theme involves intensifying and optimizing the partnership with the clients, by improving information flows and reports, for instance. The third theme is focused on operational efficiency, whereby the implementation of new automated systems has made our investment process more robust and more efficient. These investments result in solid, cost-effective worldwide asset management that complies with existing and new (European) legislation and regulations. The innovation agenda is used to reinforce these three themes.

APG Deelnemingen
APG Deelnemingen has formulated strategic objectives for renewal. Important pillars in this include innovative experiments and the scalability of various products and services and the extent to which they are future-proof. Servicing new pension vehicles, employers and individual participants is a priority in the strategy of the various subsidiaries of APG Deelnemingen. Inovita and Inotime are focused on deepening their Lifetime product range to include more freedom of choice and more individual products. Inadmin concentrates on expanding the service provision into the new market segment for APFs (General Pension Funds). APG Service Partners provides specialized administrative service in the government and education sectors and has long-term relationships with employers.

The Brightlands Smart Services Campus mentioned earlier is also part of APG Deelnemingen.

Loyalis
Loyalis' product development and marketing concentrate on three domains: work-related disability, retirement pension and surviving dependents' pension. Loyalis distinguishes itself from the competition by offering a suitable supplement to the second-pillar pension schemes and the CLA. All of Loyalis' product domains fit within Loyalis' positioning as a supplement to the collective pension. The developments in the pension schemes confirm the added value of the insurance business at APG. Loyalis and APG together have the strength and knowledge needed to develop (new) products. One example is the ZZP Pension launched in 2015.

APG Diensten
ICT concluded a large renewal program in 2015 and is therefore able to provide better service at lower costs. The route to be followed in the coming years was mapped out in 2015, and includes a tailored cloud strategy for APG. Further steps were also taken to optimize APG's information security.

In order to cut implementation costs, the facilities business sold office locations in 2015 and also leased out space at existing locations to external parties, which resulted in reduced accommodation costs.

Outlook and expected trends

In 2016 continuous efforts will be deployed on cost efficiency making fixed costs variable and increasing the flexibility of the product range. Our clients are expected to aim for lower implementation costs again during the contract negotiations.

APG has a new external auditor with effect from the 2016 reporting year. For governance reasons, a strict separation is maintained between audit services and advisory services provided by the external auditor in connection with APG's service provision.

Given the developments in our environment, it is also important that APG become more flexible. APG wants to be able to support new pension vehicles, by having Inadmin implement the schemes of APFs, for instance. APG must also increasingly be able to implement different forms of more individual (collective) defined contribution schemes in future, alongside the traditional collective defined benefit pensions.

APG expects that major changes will be made to the pension system. The APG2017 project is intended to respond to these changes in a timely manner and must result in actions already in 2016.

Risk management

General
APG has set up a comprehensive risk management framework (hereafter: framework) to guarantee ethical and controlled business operations. The framework helps the management consciously and responsibly manage risks and aids deliberate weighing of risks in decision making.

Developments in risk management
APG refined the framework in 2015. As a result, a uniform framework is now used to identify, monitor, manage and report on risks. An important development in risk management is the further improvement of consistency and uniformity.

The risk management framework
Integral risk management has been translated into the framework and encompasses:
- the risk management organization;
- the risk management process;
- the risk appetite;
- the risk categories;
- the capital requirement.

Risk management organization
The roles and responsibilities in relation to managing and controlling risks are based on the generally-accepted Three Lines of Defense model. In this model, the first line of defense constitutes the Executive Board, the management teams and the employees of the business units as the parties responsible for (executing) the primary processes.

The Executive Board and management teams are ultimately responsible for APG and the particular business units respectively, for setting up a framework that functions adequately and effectively and for guaranteeing an appropriate risk culture. Risk management is a primary and supporting process. Risk committees have been established that play a central role in risk management and internal control. The risk committees, both the 'group' risk committee and those at the business units, meet at least once per quarter.

The second line of defense consists of independent finance, risk management and compliance functions on the level of the group and business unit which advise on the structure of the framework, monitor and report on the risks and also challenge the first line functions. Reviews take place with the various business units once per quarter. The group staff departments draw up frameworks in which the business units operate and monitor these as well, among other ways by participating in the various risk committees.

The third line of defense is filled in by Group Internal Audit. In order to guarantee independence, the managing director of Group Internal Audit has a direct line to the chairman of the Executive Board and the chairman of the Supervisory Board's Audit and Risk Committee.

The risk management process
APG's risk management process is a continuous and iterative process. It comprises the steps of identifying, evaluating, managing and monitoring. The risk management and compliance functions support the Executive Board and management teams of the business units in this. An assessment is then made to determine if (additional) measures are required to manage these risks. These measures are, if necessary, implemented by the first line of defense.

Risk appetite
The Executive Board recalibrated APG's risk appetite at the beginning of 2015. The risk appetite is the maximum (negative) impact that APG is prepared to accept in aiming for the (strategic) objectives. APG's risk appetite is determined by seven elements on which risks

can have an impact: continuity, reputation, relationship with stakeholders, solvency, integrity, service level and customer satisfaction.

At the business unit level, APG's risk appetite is elaborated in tolerance limits and risk frameworks for specific risks.

Risk categories

APG distinguishes five risk categories that can have an impact on the seven elements identified in the risk appetite: strategic, financial, operational, compliance and reporting risks. The risk categories mentioned and key developments are briefly discussed below.

Strategic risks

A strategic risk is the risk of an undesired impact on turnover, capital, reputation or the continuity of APG as a result of changes in APG's environment, detrimental strategic decision making, incorrect implementation of decisions or an inability to adjust in response to changes in the political, economic or technological environment.

APG's risk was dominated in 2015 by the potential effects of a system change. In order to respond to the expected changes in the pension system, we are charting out the possible consequences of this for APG in the APG2017 project. The balance between maintaining the quality and continuity of the current service level, on the one hand, and strategic renewal and innovation, on the other, is explicitly taken into account in this.

Financial risk

A financial risk concerns the risk of an undesired impact on APG's balance sheet or profit and loss account resulting from variations in market variables or insurance claim likelihoods beyond the company's control. The most significant for APG are the financial risks relating to Loyalis' insurance and investment portfolio. In order to control these risks, Loyalis has set up an extensive system based on Solvency II regulations and principles. More information on this is contained in the risk section included in the financial statements.

Loyalis' investment strategy was evaluated in 2015, in consultation with APG and APG Asset Management. No changes were made to the key principles and asset classes, so the risk profile remains the same.

Because of the separation of APG's assets from those of the pension funds, the financial risks associated with the investments that APG Groep manages on behalf of clients are not at APG's expense and risk.

Operational risks

An operational risk is the risk of losses due to external incidents or inadequate or failing internal processes, personnel or systems or processes, personnel or systems outsourced by APG. If operational risks result in irregularities, this could potentially have undesirable consequences for our clients as well. Managing the outsourcing risk of its clients is part of the integral risk management at APG.

Important developments in APG's operational risk profile in 2015 included the change initiatives, the increasing complexity of the pension schemes that APG administers for its clients, and the information security risk.

The successful conclusion of necessary change programs puts constant pressure on the regular work activities in all business units. The growing complexity of pension schemes increases the risk of errors in administration and puts additional pressure on administration costs. The threat in relation to information security (including cyber-crime) remains as high as ever. APG has taken the necessary preventive measures to control these risks. In addition to improving preventive measures, it also focuses on the detection measures.

Compliance risks

APG has defined compliance risk as the risk of material financial losses and/or damage to APG's reputation resulting from the failure to comply with legislation and regulation or from sanctions imposed by regulators.

The public, politicians and regulators are devoting more attention to integrity and integrity-related incidents in the financial sector. Topics such as conflicts of interest, remuneration and corruption receive a great deal of publicity. Ever higher demands are being stipulated for sound governance, ethical conduct and an ethical culture. Partly in light of these developments, APG revised its internal code of conduct and devoted attention to conduct and culture in 2015.

The monitoring of risks relating to the integrity of the organization, its employees and relationships is supported at APG by the integrity risk analysis. The picture that arose from this analysis is that the risks are being managed adequately. To the extent improvements in risk control are possible, additional measures were formulated. Important aspects in this are evaluating (compliance with) relevant policy and the corresponding governance as well as increasing awareness. Tighter societal standards are a touchstone in this.

Reporting risks

Reporting risk is the risk that due to errors in the administrative processes or systems, reporting products (financial statements, various reports to clients and regulators) do not give a fair presentation or do not satisfy the applicable technical standards. This pertains both to the reporting on APG and to the reporting on the financial flows and assets of clients.

Talks have been held with APG's largest client about providing more insight into the connection between the pension provider's risk management and the pension funds' risks and control measures so that management boards of clients can take on their responsibility for controlling the fund's risks.

The Solvency II regulation took effect for Loyalis as of January 1, 2016. Loyalis prepared its Solvency II reporting system for this in 2015, so that the requirements for reporting to De Nederlandsche Bank (DNB) could be complied with as of January 1, 2016.

Capital requirement

APG wants to have adequate capital available to accommodate (financial) damage and losses arising from the identified risks. The degree to which the capital is adequate is also determined in the context of various requirements imposed by regulator DNB.

Loyalis determines the amount of capital to be maintained with reference to the Solvency I and Solvency II regulations and reports on this to DNB. For APG Asset Management, adequacy testing takes place by means of the Internal Capital Adequacy Assessment Process (ICAAP). For the other business units, APG determines the capital requirement based on its own risk assessment.

In 2015 APG easily satisfied all the internal and external capital requirements at both the group and the business unit level.

Corporate social responsibility

APG explicitly focuses on corporate social responsibility (CSR), both for its own operations and for those on behalf of our clients.

As far as the sustainability of its own operations are concerned, the focus so far has been on energy consumption and social activities. For instance, the CO_2 emissions from flights and kilometers driven using leased cars are offset by buying certified CO_2 (emission) rights and APG uses green power. Water from the mining system in Heerlen (Mine Water Project) provides cooling for the data centers. Waste is disposed of separately as much as possible. CSR and environmental aspects are also taken into account in the decision-making process when selecting new products and suppliers.

We also see the voluntary investment of expertise, manpower, facilities and networks in the (local) community as part of our corporate social responsibility. APG is a member of MVO Nederland, the Green Business Club Zuidas Amsterdam and Parkstad aan Zet. APG funds a number of academic chairs for the retention, (international) development or improvement of the collective pension system. APG also supports various small-scale activities, such as youth education (including Nieuwsbegrip Financieel, Project BizWorld, street football tournament De Nieuwe Poort and JINC). APG employees were also involved in a number of fund-raising and/or collection campaigns (including Amsterdam City Swim, Limburg-Zuid and Amsterdam-Zuid Food Banks and 3FM Serious Request).

APG has established and implements an ESG policy (Environmental, Social and Governance) for its clients. During the year under review a new vision on responsible investing was developed together with APG's largest client. This vision encompasses four concrete objectives which must be realized by 2020. The objectives are: to reduce the carbon footprint by 25 percent, to double the so-called High Sustainability Investments, to increase investments in sustainable energy fivefold and to invest more in thematic investments. A detailed description is contained in the Annual Responsible Investment Report at www.apg.nl/responsibleinvesting.

Personnel and the organization

Dominant themes

In 2015, the dominant themes in relation to personnel and organization were: the organizational development, increasing efficiency and reducing costs. The focus in this was on leadership, an optimal organization structure and the use of professional tools for the further development of employees.

Reorganization of APG

Strategic change programs produced substantial results. A number of organizational changes were carried out; the results can be seen company-wide. The reduction in jobs involves just over 900 FTEs. This was realized for almost 700 FTEs as of the end of 2015, and for virtually all the others, agreements have been signed with the persons involved for departure after 2015. These effects, in combination with the natural outflow and influx since 2012, produces a total (net) reduction in jobs of just over 600 FTEs as of the end of 2015.

Of the employees declared redundant, 38 percent were able to successfully apply for jobs internally or externally or set up their own business. APG is careful in how it deals with the personnel implications of change initiatives. Employees can make use of a social plan, as well as other facilities for promoting mobility within and external to APG.

Managing change

APG's leadership profile forms the basis for selecting, developing and evaluating leaders and takes the company's change agenda into account. Managers are offered individual development opportunities and programs have been set up for management boards and management teams.

In cooperation with, among others, Maastricht University and Nyenrode University, APG started the Motion25 development program at the end of 2015 to challenge sixty talented and ambitious APG employees (experts, young professionals and managers) to think innovatively, immerse themselves in APG's force field and seize influence.

Employee development

The speed at which developments must be anticipated demands a boost in quality, the potential to embrace change and the power of execution among employees. Developments challenge employees to reflect on their career over the short and long term. This, added to the increasing demands from clients, the need to work more cost efficiently and the fact that the retirement age is being pushed back, makes sustainable employability the most important factor in ensuring the right employee is in the right place. In order to support employees in this, APG joined forces with trade unions and the Works Council in 2015 to start a sustainable employability program; The Art of Work. With a personal sustainable employability budget, APG provides all employees with resources to improve their employability for the long term, increase their flexibility and in doing so take charge of their own development and career. Almost one third of the total employee population has used (part of) their budget. Employees mainly used the budget for resources to support personal development (41 percent) and resources related to health ('life in balance') (59 percent).

Good employment practices

Several surveys confirm that APG has a good reputation on the Dutch labor market. Sound terms of employment, challenging work, possibilities for working flexibly and career prospects are key aspects in this. Hiring talented people who want to contribute to the social function that the company fulfills is consistent with APG's long-term vision. Personnel planning is used to comprehensively implement targeted influx, advancement and outflow. Approximately half of the vacancies are filled internally. Internal advancement is one of the examples of the career prospects offered by APG.

An important group on which APG focuses is IT professionals. As far as attracting and retaining IT specialists is concerned, APG started a project in 2015 for the direct recruitment of IT professionals. A specific campaign was started using, among other things, LinkedIn, social media, events (java@xperience) and blogging by employees on WebWereld. As a result, a total of 42 ICT specialists were hired in 2015. A special initiative was also started under the name Connect, in which 'connectors' were assigned to new employees in order to realize good onboarding.

Terms of employment

It is important to APG that the terms of employment policy supports the corporate strategy and is consistent with the core values. The terms of employment policy is an important factor in attracting, retaining and motivating qualified employees. APG follows the Restrained Remuneration Policy Regulations (Financial Supervision Act) 2014. The publication on this can be found at: www.apg.nl/en/corporategovernance

A new Collective Labor Agreement (CLA) with a term from April 1, 2015 to April 1, 2017 was concluded during the reporting year. The CLA represents an important step towards a simpler CLA. This was achieved by simplifying the transitional schemes from the harmonization CLA dated January 1, 2013. The simplification agreements resulted in discarding five transitional leave schemes in the new CLA, as well as a reduction in the number of different types of personal allowances.

An important change was also made to the social plan agreed on in the context of the reorganization. The new social plan has a term from July 1, 2015 to April 1, 2017. The old sub-district court formula has been replaced with the 'new' formula. The CLA parties also acknowledged the necessity of working towards a social plan with a good balance between sustainable employability and 'from work, to work' guidance, on the one hand, and financial compensation, on the other. The CLA parties will use the period until April 1, 2017 to reach a revised social plan which will take effect on April 1, 2017. The conditions for that social plan are that it will put more emphasis on and contain more incentives for sustainable employability and 'from work, to work' guidance and that it is the next step in adjusting the compensation.

Cooperation with the Works Council

The 'Fit for the Future' reorganization plan, which started in 2012, required a great deal of attention from the Works Council and CEO during the year under review. A number of requests for advice falling within the scope of the reorganization process were still handled by the Works Council during the reporting year. The social plan agreed on between the trade unions and the employer, which applied to this reorganization, expired as of July 1, 2015. This meant that only the requests for advice for which the definitive reorganization decision took place prior to July 1, 2015 fell within the scope of the aforementioned social plan. An exception was made for three initiatives which still fell under the 'Fit for the Future' plan.

The CEO and Works Council conducted consultations on the reorganization initiatives. While discussing the general course of affairs, the current business operations were also discussed. The topics discussed included the management development policy the use of external parties at APG, the strategic personnel planning and the personnel and assessment policy. The CEO and Works Council also discussed future developments and how APG must anticipate these.

A total of nineteen requests for advice and six requests for consent were handled during the year under review, in nine consultation meetings. In addition to this, the general course of affairs at the company was discussed on two occasions in the presence of members of the Supervisory Board. During the meetings in the reporting year, the Works Council gave its view on a number of matters more explicitly than in previous years. There was also regular (preliminary) consultation between the Works Council and relevant parties outside of the formal occasions. The initiative was taken during the year under review to improve the mutual understanding and effectiveness of the cooperation.

Corporate governance

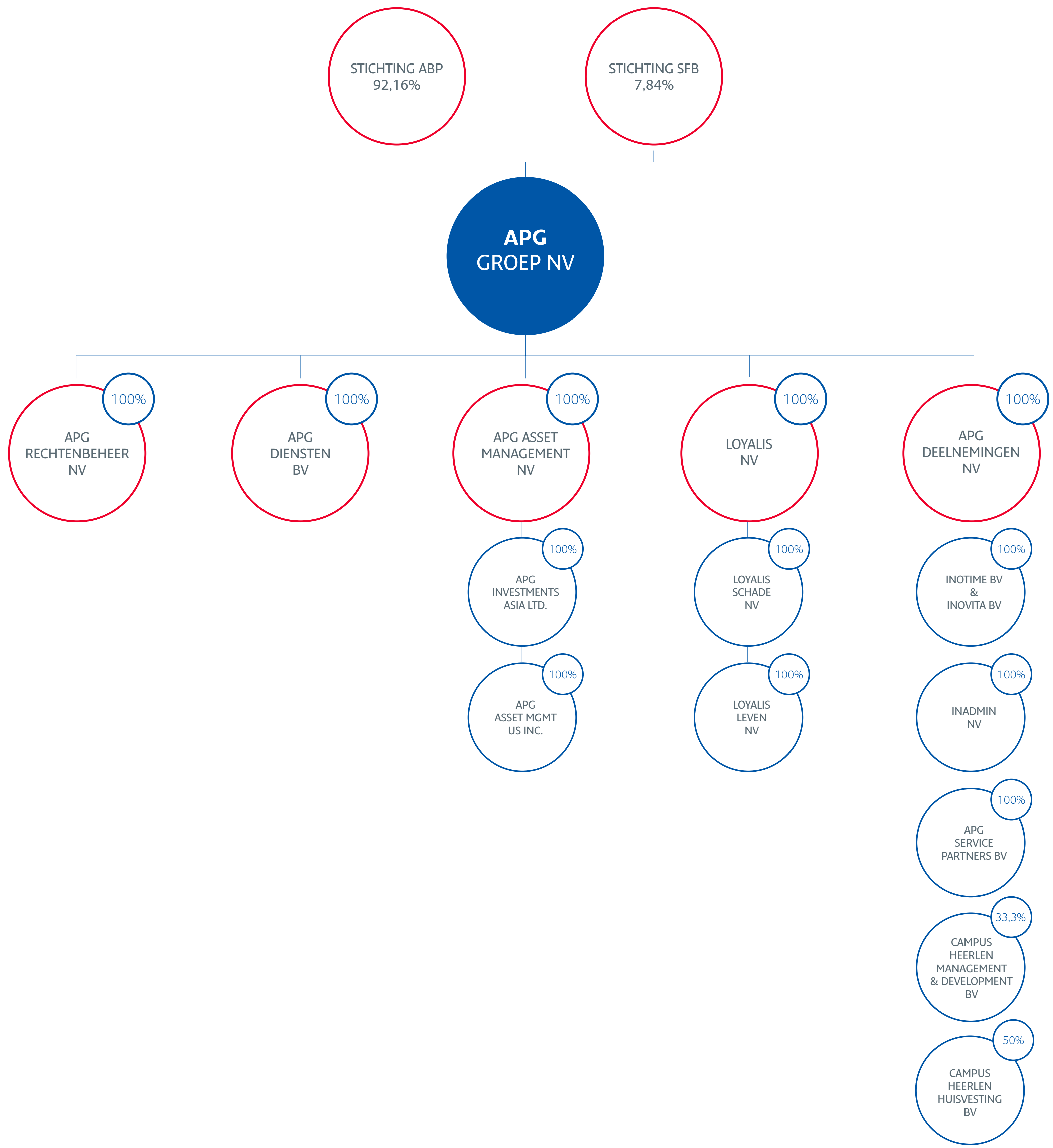
APG strives for a corporate governance structure that best fits the group's business activities, which satisfies the requirements of stakeholders and which is in compliance with relevant legislation and regulations. Good corporate governance is crucial in order to realize our ambitions and be a reliable and professional partner.

In addition to the other relevant Dutch legislation and regulations, guidelines from regulators and internal guidelines, APG voluntarily applies the principles and best practices from the Dutch Corporate Governance Code. APG is not listed on the stock market and is therefore not required to adhere to the principles and best practices of the Dutch Corporate Governance Code. However, in view of APG's role and responsibility as a pension administration organization in the Netherlands, it has opted to apply the principles and best practices from the Dutch Corporate Governance Code on a voluntary basis. APG largely satisfies the stipulations of the code, to the extent the guidelines could apply to APG. The reporting in the annual report concerning the internal risk management and control systems and the sensitivity of the result is not as complete as prescribed by the best practices. This completeness will certainly be a goal in the years to come.

Legal structure

APG N.V. is a public limited liability company established under Dutch law. The company has a two-tier management structure that consists of an Executive Board and a Supervisory Board. APG applies the mitigated structure regime. This means, among other things, that the general meeting of shareholders, not the Supervisory Board, appoints and dismisses the directors and Supervisory Board members.

Organizational diagram of APG
End of 2015



Executive Board

APG's Executive Board has the duty of managing APG, which means that the Executive Board bears collective responsibility for realizing the objectives and strategy of APG and for the development in the result and the social aspects of the business. The Executive Board is also responsible for compliance with all relevant legislation and regulations, managing risks and the company's financing.

APG has set up committees of a functional nature, overarching the business units, for the performance of duties that have been assigned to a member of the Executive Board. There are four such councils: the Finance & Risk Council, the Human Resources Council, the Information Technology Council and the Strategic Clients Council. The main duties of a council are to prepare the decision making of the Executive Board and monitor cohesion in the decision making across the business units.

Besides the councils, the Executive Board is also assisted by the risk committee for matters involving risk management and control: the 'group' risk committee of the various risk committees in the business units. This 'group committee' consists of members of the Executive Board and the managing directors of Group Risk and Compliance, Group Internal Audit and the CFRO of Loyalis and meets at least four times per year.

The Executive Board is made up of four members. Dick Sluimers stepped down as Chief Executive Officer as of January 1, 2016. The Executive Board is very grateful to him for his great dedication and leadership at APG and in the Dutch pension system in a broad sense over the past period. Gerard van Olphen was appointed chairman of the Executive Board as of mid-March 2016. In the interim, Angelien Kemna, the Chief Finance & Risk Officer, was acting chairman. With a female to male ratio of 25 percent, the Executive Board does not satisfy the diversity ratio of at least 30 percent women to men.

Supervisory Board

The Supervisory Board of APG is charged with supervising the policy of the Executive Board and its performance of its duties and supports the Executive Board with advice. In performing its duties, the Supervisory Board is guided by the interest of the company and its business. In addition, the Supervisory Board also plays a key role when it comes to the appointment and dismissal of Executive Board members and members of its own board. The formal authority to appoint and dismiss lies with the shareholders, but the Supervisory Board plays an important role in the preparation for these powers.

Since July 2015, the Supervisory Board consists of six members in total. In the course of 2015, Pieter Jongstra, Roger van Boxtel and Claudia Zuiderwijk joined the Supervisory Board - after having been approved by the regulators and appointed by the shareholders. A summary of each Supervisory Board member's CV can be found at www.apg.nl/board. Two of the six Supervisory Board members are women. As such, the Supervisory Board satisfies the statutory target ratio of at least 30 percent women to men.

The general description of the duties, the number of meetings, the composition and the resignation schedule are described in the regulations of the Supervisory Board. A copy of the regulations is published at: www.apg.nl/en/corporategovernance.

In the 'Report of the Supervisory Board' that follows, more factual information is given on the composition of the board and the activities and meetings of the board's committees in 2015.

Shareholders

APG N.V. has two shareholders: Stichting ABP (92.16 percent of the shares) and Stichting SFB (7.84 percent of the shares). In April 2015, the general meeting of shareholders determined the results for 2014 and decided on the profit appropriation.

The shareholders were also consulted during the financial year, in particular about impending appointments of Executive Board and Supervisory Board members and on the appointment of a new external auditor.

Restrained Remuneration Policy Regulations (Financial Supervision Act) 2014: Remuneration Disclosure 2015

Introduction

In accordance with the Restrained Remuneration Policy Regulations (RBB) (Financial Supervision Act) 2014 and in line with the best practices of the Dutch Corporate Governance Code, APG's remuneration policy is reported below. The disclosure provides insight into APG's remuneration policy, the governance and supervision, the day-to-day policy makers, the Identified Staff, the performance criteria and the relationship between remuneration and performance.

APG's remuneration policy

APG applies a careful and restrained remuneration policy that is consistent with the strategy, the risk appetite, the goals and the core values of the organization and is geared toward the long-term interests of stakeholders. The remuneration policy is given shape and substance in a manner that ties in with the internal organization and the nature, scope and complexity of APG's business processes.

The Executive Board is not eligible for variable remuneration. Variable remuneration was also discontinued for the Identified Staff at Loyalis in 2014. With effect from January 1, 2015, variable remuneration was discontinued for the majority of the APG employees that fall within and outside of the CLA (including Loyalis). Variable remuneration remains in place only for specific positions at APG Asset Management and for positions that report directly to the Executive Board.

Key elements of APG's remuneration policy

The remuneration policy should enable APG to attract, retain and motivate qualified employees and is consistent with the Principles for Restrained Remuneration and the other rules legally required by the Remuneration at Financial Businesses Act (Wbfo), Principles and Restrained Remuneration Policy Regulations (Financial Supervision Act) 2014, the remuneration rules from the AIFMD and the Corporate Governance Code and other statutory regulations. Employees receive a fixed salary depending on their position (graded with reference to the Hay method) and competencies, whereby the degree of growth in the salary scale depends on the evaluation score determined in the annual assessment and the relative scale position. Employees in specific positions at APG Asset Management and direct reports to the Executive Board who are eligible for variable remuneration receive it in the form of cash; APG does not grant any variable remuneration in the form of shares or similar instruments. The total remuneration is related to the remuneration market relevant for the particular business unit and/or job category.

APG Asset Management NV uses a remuneration policy that is specified on certain points, within the frameworks of APG Groep NV's remuneration policy, and which has been specifically attuned to the applicable legislation and regulations and is geared to the Asset Management remuneration market.

The activities performed by APG US Inc. and APG Asia Ltd. are classified as outsourced. APG AM NV ensures that the remuneration policy of APG US Inc. and APG Asia Ltd. is set up 'as equally effective' as that of APG AM NV.

Governance/supervision

A robust governance structure that guarantees the involvement of the control functions is essential for adequate risk-mitigated variable remuneration. This is given shape at APG as follows:

Executive Board and Supervisory Board
Within the supervisory framework of the Supervisory Board, the Executive Board of APG is entirely responsible for the adoption and implementation of APG's remuneration policy. The Supervisory Board supervises the implementation of APG's general remuneration policy and makes proposals for adoption (by the general meeting of the company) of the general remuneration policy for the remuneration of members of the Executive Board and the actual remuneration for the individual members of the Executive Board, taking into account the principles for a controlled remuneration policy as laid down in applicable legislation and regulations in this area. The Supervisory Board is advised in its work by an independent external remuneration consultant.

Remuneration and Selection Committee
The Supervisory Board is supported by the Remuneration and Selection Committee. The Remuneration Committee met seven times in 2015. Within its area of responsibility, the Remuneration Committee prepares the decision making of the Supervisory Board, on the understanding that the plenary Supervisory Board remains responsible for performing its duty. The Remuneration and Selection Committee consists of at least 2 members who are appointed by the Supervisory Board from its midst.

For a complete overview of the Remuneration and Selection Committee's duties, see this committee's regulations.

Loyalis NV
The board of Loyalis NV is responsible for developing and adopting the remuneration policy of Loyalis. This remuneration policy is consistent with the APG Groep-wide remuneration policy. This policy is submitted to the Supervisory Board of Loyalis NV for approval.

<u>Control functions / review committees</u>
The control functions actively contribute to the design, supervision and monitoring of the remuneration policy, in support of the Executive Board. To this end, the control functions meet at least twice per year in the review committees set up for this purpose There are 3 review committees:
- The APG review committee was set up to supervise that management of the risks entailed by the remuneration policy and its implementation is such that the remuneration policy is consistent with the APG remuneration policy and the applicable legislation and regulations.
- Asset Management and Loyalis also each have their own review committee.

The review committees are made up of representatives from HR, Risk Management and Compliance. Group Internal Audit is not represented on the review committee but periodically conducts independent investigation into the design, introduction and application of APG's remuneration policy.

Specific conditions apply to (the remuneration of) employees who work in Control, Risk Management, Compliance, Audit and HR positions in order to guarantee their independence. An example of this is the determination of performance criteria for variable remuneration, which must mainly be based on position-specific objectives and include no criteria that are based on the results of the business unit.

<u>Day-to-day policy makers</u>
The Wbfo took effect on February 7, 2015. All business units at APG are bound by the rules stipulated in this law.

The Wbfo states that severance pay can no longer be paid if an employee leaves the company at his own initiative, the employee can be seriously blamed for his behavior and/or the company has failed (for example, if a takeover or state support is necessary). The law also states that the person who decides the company's day-to-day policy can no longer be granted severance pay that exceeds 100 percent of the fixed remuneration on annual basis. A person who serves on the company's executive board or management board is in any event defined as a person who decides the company's day-to-day policy (the "day-to-day policy maker"). As far as financial businesses are concerned, as a rule these are the persons who have been reviewed by the AFM or DNB for reliability and suitability.

Because of this mandatory legislation, employees at APG who must be regarded as "day-to-day policy makers" and whose employment contract provided for severance pay of more than one annual salary were provided with a letter in which the severance pay is capped at 100 percent of the fixed remuneration on annual basis.

<u>Identified Staff</u>
APG's remuneration policy contains the specific mandatory conditions that apply to employees who can have a material impact on the risk profile of APG or a division of APG. The following groups of employees are designated as 'Identified Staff':
- Members of the Executive Board;
- Line and staff department managing directors reporting directly to the Executive Board;
- Managers in a control function;
- Other employees who, because of the nature and content of their work, have a material impact on the organization's risk profile.

Relationship between remuneration and performance

In determining the total remuneration, the long-term interests of the stakeholders of APG and APG's long-term strategy are taken into account. For the positions designated as Identified Staff, APG determines an appropriate ratio of fixed to variable remuneration.

The total remuneration that is paid out is related to the remuneration market relevant for the particular business unit and/or job category. A benchmark study is conducted into the remuneration at the various organizational units at APG, including the Executive Board, regularly (every 2 to 3 years).

<u>Performance criteria</u>
APG uses a performance management cycle (the HR Cycle) which is based on performance criteria determined in consultation between the manager and employee. The performance criteria consist of quantitative and qualitative goals along with individual and collective goals that contribute to the realization of annual plans and the long-term objectives of the organization. The agreements on performance criteria, any changes to these in the course of time and the assessment and reassessment are carefully documented.

If there has been a (compliance) issue during the year, any consequences for the assessment/variable remuneration are determined at that point.

<u>Variable remuneration and remuneration in excess of EUR 1 million</u>
During the 2015 financial year, the total variable remuneration granted was € 28,119,019, € 198,750 of which went to Rights Management (Rechtenbeheer), € 27,574,769 to Asset Management and € 345,500 to Staff Departments, Supporting Services and Participations (Deelnemingen).

During the 2015 financial year, 3 employees in Asset Management and its subsidiaries received total remuneration of € 1 million or more.

Word of thanks

The Executive Board is grateful for the considerable efforts and commitment from the employees, Supervisory Board and shareholders. Above all, we would like to thank our clients for their confidence in us.

Amsterdam, March 31, 2016
The Executive Board

G van Olphen RA, chairman (from March 9, 2016)
Ms AGZ Kemna
M Boerekamp RA
E van Gelderen CFA FRM

Report of the Supervisory Board

Strategy and policy
2015 was a difficult year for APG's clients. The combination of unprecedented low interest rate levels and volatile investment results weakened the financial position of pension funds in the Netherlands.

The social and political debate on the future of the Dutch pension system also prompted fundamental questions on the long-term tenability of existing pension schemes.

The content of these schemes, the position of participants and employers and, by extension, the future of collective pension funds based on solidarity were subjects of discussion.

APG is the largest pension administration organization for pension schemes in the Netherlands. Its client pension funds together represent more than 30% of pension fund participants in the Netherlands as well as over 30% of the total accrued pension assets (approximately € 410 billion in invested pension assets).
It therefore goes without saying that close cooperation took place in 2015 with the client pension funds, whereby APG actively supported the management boards of these funds with their strategy development.

The dominant driver of APG's strategy as a business is in first instance determined by the strategic choices of APG's clients. However, from the perspective of APG's interest as a company and the interest of all the stakeholders involved, the continuity of the business must weigh equally as an independent factor in the determination of APG's overall strategy.

Above all, APG wants to remain a leading and high-quality pension provider, in a world in which the fundamental anchors of the current pension system may change and greater individual flexibility may become possible in the pension as a financial life cycle product. The development of this APG strategy, which builds on the strength of APG's knowledge and experience and addresses the weak points, will demand a great deal of attention in the period to come from APG's management and all the stakeholders involved.

That is why these topics were a constant subject of discussion in 2015 between the Supervisory Board in open consultation with the Executive Board and the shareholders. In this context, the Supervisory Board supports the business with advice and monitors the implementation of the strategy closely.

Good governance
In performing its role, the Supervisory Board is very aware of the special relationship between APG and its shareholders, who are also the main clients. The Supervisory Board focuses mainly on the corporate strategy, risk management and governance, personnel developments, effective and efficient business operations, the culture and the performance of the Executive Board and the Supervisory Board. The Board aims to follow best practices in these areas. After all, this is also the standard that the clients demand of the companies in which they invest - via APG.

Further strengthening in the composition of the Supervisory Board was decided on in appropriate dialogue with the shareholders. A renewed focus on supervision and advising on sound business operations was central to this. In consultation with the shareholders, a new profile for the composition of the Supervisory Board was prepared. The specific knowledge and experience required on the board as a whole has been taken into account in this profile.

The key themes discussed by the Supervisory Board in 2015 were the regular topics such as the financial developments in the company, the performance of the individual business units and the developments in the pension sector and administration and ICT. Discussion also took place on the corporate strategy in the group and the progress of the reorganization, the composition of the Executive Board and Supervisory Board, the corporate governance structure, the revised regulations for the Supervisory Board, talent management at APG, and the strategic projects, such as the Campus project and APG2017.

Organization of the Supervisory Board and its meetings
When the 2015 annual report was drawn up, the Supervisory Board comprised the following people (see page 69 for personal details): Bart Le Blanc (Chairman), Pieter Jongstra (Vice-chairman), Maes van Lanschot, Edith Snoeij, Roger van Boxtel and Claudia Zuiderwijk. All the Supervisory Board members qualify as "independent" as described in best practice III.2.2 of the Dutch Corporate Governance Code. In the course of 2015, Pieter Jongstra, Roger van Boxtel and Claudia Zuiderwijk joined the Supervisory Board - after a positive decision from De Nederlandsche Bank based on its review of the candidates' suitability and reliability.

The Supervisory Board - as a whole or a smaller delegation - as a rule met several times each month in 2015 to consult with Executive Board members and/or relevant APG employees about, among other things, the strategy and a successor to the CEO. Aside from these sessions, the Supervisory Board met alone several times, without the Executive Board or other APG employees, to discuss, among other things, the allocation of duties and other internal matters. The Supervisory Board met seven times for formal meetings in 2015. As a rule, these meetings were attended by all members of the Supervisory Board and the members of the Executive Board.

The Supervisory Board has four committees: the Audit and Risk Committee, the Remuneration and Selection Committee and, since the end of 2015, the Corporate Governance Committee and the AMTC Committee ("APG Asset Management and APG Treasury Center Committee", which will officially act as the Supervisory Board of APG Asset Management and the APG Treasury Center with effect from 2016). These committees are active with effect from 2016.

Information on the Audit and Risk Committee and the Remuneration and Selection Committee can be found below.

The Corporate Governance Committee is chaired by Pieter Jongstra; the other members are Edith Snoeij and Roger van Boxtel. This committee's focus is to advise on compliance with national and international governance guidelines and practices, compliance with internal governance documents (regulations, agreements with shareholders, etc.), the self-evaluation by the Supervisory Board, permanent education of the Supervisory Board and reporting and contacts with the external regulators.

After approval from the financial regulators, the AMTC committee will start acting in 2016 as the Supervisory Board for APG Asset Management and APG Treasury Center. This board will supervise the management of the respective companies and support it with advice. The proposed members of this committee are Maes van Lanschot, chairman, and Bart Le Blanc.

All the committees extend a standing invitation to all other members of the Supervisory Board to attend their meetings. Much use was made of this option in 2015.

Audit and Risk Committee
The Audit and Risk Committee consists of Pieter Jongstra (chairman), Maes van Lanschot and Claudia Zuiderwijk. The committee met eight times in 2015. The reports and important points for attention from the committee are shared with the Supervisory Board. There was discussion on the dividend policy, the APG

Treasury Center, ICT projects, the Tax Control Framework, the revised regulations of the Audit and Risk Committee, the risk management system and compliance, the annual plan of APG Groep Risk & Compliance, quarterly reports on finance, risks, and internal audit, the annual plan for the internal audit, updates on the reorganization, the audit plan, the recommendations and reports from the external auditor, evaluation of the external auditor and the choice of a new external auditor with effect from the 2016 financial year. The meetings of the Audit and Risk Committee were also attended by the Chief Finance & Risk Officer and the external auditor and internal accountant, as well as the managing directors of Group Risk & Compliance and Group Finance. The Audit and Risk Committee met twice with the external auditor in 2015 without the attendance of the members of the Executive Board.

Remuneration and Selection Committee

The Remuneration and Selection Committee consists of Edith Snoeij (chairman), Bart Le Blanc and Claudia Zuiderwijk.

The reports and important points for attention of this committee are shared with the Supervisory Board. This committee met seven times in 2015, and held a number of separate meetings on, among other things, the preparations for the succession for both the chairman of the Executive Board and the members of the Supervisory Board.

The key topics in the meetings of the Remuneration and Selection Committee included the preparation of the evaluation of the Executive Board, the remuneration for the members of the Supervisory Board, the remuneration policy, severance packages for the members of the Executive Board and direct reports, the (internal) appointment procedures and the revised regulations of the Remuneration and Selection Committee.

Remuneration report

The details of the remuneration report as prescribed in the best practices of the Dutch Corporate Governance Code can be found in the relevant section in the financial statements ('operating expenses') and in the remuneration report as published on APG's website.

Evaluation and permanent education

The Supervisory Board carried out a self-evaluation in spring 2015. Interviews were held with all Supervisory Board members and input was also requested from the Executive Board and shareholders. The outcomes were discussed by the Supervisory Board. This gave rise to points for improvement which were worked out in further detail in the course of the year.

Permanent education sessions took place for the Supervisory Board on two separate days in 2015. External speakers brought the Supervisory Board members up to speed on optimal crisis management, developments in relation to regulations, ethical issues, cyber-security and risk management.

Change in Chairman of the Executive Board

At the end of 2015, Dick Sluimers stepped down as chairman of the Executive Board. Under his leadership, APG developed into a leading professional pension provider in the Netherlands. The Supervisory Board acknowledges the major contribution Dick Sluimers made over many years to APG's development as frontrunner in high-quality pension administration.

The Supervisory Board is pleased that his successor has been provided for with the appointment of Gerard van Olphen as new chairman of the Executive Board as of March 9, 2016. Under Gerard's leadership, the strategy for APG will be further deepened and implemented. In the interval between January 1 and March 9, 2016, Angelien Kemna (CFRO) served as acting chairman of the Executive Board. The Supervisory Board owes her a debt of gratitude for the professionalism and commitment with which Angelien performed this role in the interim period.

2015 annual report and financial statements

The Supervisory Board approves the annual report from the Executive Board and the 2015 financial statements, as well as the auditor's report. We propose to the shareholders that they adopt this report and the annual figures and approve the dividend proposed.

Amsterdam, March 31, 2016
The Supervisory Board

LJCM Le Blanc, chairman
PJAM Jongstra RA, vice chairman
Ms EL Snoeij
MJ van Lanschot
RHLM van Boxtel
Ms CJG Zuiderwijk

Financial statements APG Groep NV 2015

Consolidated balance sheet as at December 31, 2015

(before profit appropriation)
in thousands of euros

ASSETS	31-12-2015	31-12-2014
Fixed assets		
Intangible fixed assets (1)	531,377	610,437
Tangible fixed assets (2)	23,890	24,531
Financial fixed assets (3)	134,642	99,416
	689,909	734,384
Investments insurance business (4)	3,019,509	3,096,846
Current assets		
Receivables, prepayments and accrued income (5)	222,308	216,129
Receivables from reinsurance (6)	41,045	50,339
Cash and cash equivalents(7)	779,136	778,095
	1,042,489	1,044,563
TOTAL ASSETS	4,751,907	4,875,793

LIABILITIES	31-12-2015	31-12-2014
Group equity (8)		
Equity capital	1,208,896	1,272,744
	1,208,896	1,272,744
Provisions		
Insurance liabilities (9)	2,948,154	3,085,950
Deferred taxes (10)	12,759	17,937
Other provisions (11)	157,657	124,595
	3,118,570	3,228,482
Long-term liabilities (12)	23,767	23,767
Current liabilities and accrued liabilities (13)	400,674	350,800
TOTAL LIABILITIES	4,751,907	4,875,793

Consolidated profit and loss account for 2015

in thousands of euros

	2015	2014
Net turnover		
Insurance contributions (14)	253,190	260,824
Investment results (15)	21,842	367,009
Income from services to third parties (16)	684,304	674,205
Other operating income (17)	43,258	45,336
Total operating income	1,002,594	1,347,374
Change in provision for insurance liabilities (18)	-129,296	228,210
Payments (19)	299,992	294,698
Costs of outsourced work and other external costs (20)	104,426	114,044
Personnel costs (21)	448,968	452,822
Amortization and depreciation on intangible and tangible fixed assets (22)	89,990	91,502
Other operating costs (23)	127,127	119,503
Total operating expenses	941,207	1,300,779
Interest income and similar income (24)	238	2,890
Interest charges and similar costs (25)	1,900	1,530
Result from ordinary activities before taxes	59,725	47,955
Taxes (26)	-15,472	-11,729
Result from participations (27)	-296	-259
Group result after taxes	43,957	35,967

Consolidated cash flow statement for 2015
in thousands of euros

	2015	2014
Cash flow from operating activities		
Operating result	61,387	46,595
Adjustments for:		
· Amortization and depreciation on intangible and tangible fixed assets (22)	89,990	91,502
· Net investments for commercial purposes for own account (4)	65,591	-236,150
· Net investments for commercial purposes at the risk of policyholders without guarantee (4)	11,746	2,666
· Changes in working capital:		
- Increase in receivables, prepayments and accrued income (5)	-6,179	-36,583
- Decrease in receivables from reinsurance (6)	9,294	8,377
- Increase in current liabilities and accrued liabilities, corrected for corporate income tax (13)	10,219	18,201
· Change in gross insurance liabilities for own account (9)	-130,244	223,143
· Change in insurance liabilities for policyholders' risk without guarantee (9)	-7,553	-2,419
· Change in other provisions (11)	33,062	-8,222
Cash flow from business operations	*137,313*	*107,110*
Interest received	238	2,889
Interest paid	-1,613	-1,530
Corporate income tax paid	-19,153	-43,908
Cash flow from operating activities	116,785	64,561
Cash flow from investing activities		
Investments in fixed assets	-9,788	-8,807
Cash flow from investing activities	-9,788	-8,807
Cash flow from financing activities		
Dividend paid out	-110,000	-34,842
Settlement of separation of the administrative organization	-233	-257
Expenditure in connection with capital contributions to non-consolidated participating interests	-1,710	-
Cash flow from financing activities	-111,943	-35,099
Net cash flow	-4,946	20,655
Price differences and exchange differences on cash	2,590	2,618
Change in cash and cash equivalents(7)	-2,356	23,273
Opening balance of cash and cash equivalents(7)	778,095	754,822
Closing balance of cash and cash equivalents(7)	775,739	778,095
Change in cash (7)	-2,356	23,273

Accounting Policies

Introduction

Activities
APG Groep NV (here after APG Groep) provides pension administration and communication, asset management services and executive consultancy for pension funds and supplementary insurance products in the field of income security. APG Groep has a broad but also specialized knowledge of pensions and pension schemes. APG Groep makes its knowledge available to all of its clients, so that clients can offer a good and affordable pension to their participants.

Group relations
APG Groep was founded on February 29, 2008 and has its registered office at Oude Lindestraat 70, 6411 EJ in Heerlen. At the end of 2015, APG Groep had five wholly owned subsidiaries: APG Rechtenbeheer NV, APG Asset Management NV, Loyalis NV, APG Deelnemingen NV and APG Diensten BV.

APG Groep has a number of indirect capital interests. The complete structure is shown in the list of capital interests. This list has been included as part of the notes to the company financial statements on page 66. APG Groep has two shareholders: Stichting Pensioenfonds ABP (ABP), which holds 92.16 percent, and Stichting Sociaal Fonds Bouwnijverheid (Stichting SFB), which holds 7.84 percent.

General

The financial statements have been prepared on the basis of generally accepted financial reporting policies in the Netherlands and the statutory provisions concerning financial statements contained in Part 9, Book 2 of the Dutch Civil Code. Article 2:402 of the Dutch Civil Code was applied for the format of the company profit and loss account. Consequently, it is sufficient to report the result from participations after deduction of taxes on the company profit and loss account as an individual item.

All amounts in the financial statements are shown in thousands of euros, unless stated otherwise.

Comparison with the previous year
The accounting policies have not been changed with respect to the previous year.

Changes in accounting estimates
Making accounting estimates is unavoidable when preparing the financial statements. This is especially the case in determining the value of some of the investments, the technical provisions and the other provisions. The accounting estimates used are further explained in the relevant sections. It may subsequently be found that the reported value differs from the actual value. Such a deviation is recognized as soon as it is known.

Loyalis observes prudential rules when maintaining provisions for insurance liabilities. It bases these as much as possible on the recommendations from the Association of Insurers.

If there is a change in an accounting estimate, this is stated in the note to the particular part of the item in the financial statements.

Basis for consolidation
Capital interests in entities in which APG Groep can exercise predominant control of management and financial policy are included in the consolidated financial statements by application of the integral method of consolidation. Intercompany transactions and financial liabilities between consolidated entities are eliminated. The results and the identifiable assets and liabilities of acquired entities are included in the consolidated financial statements from the date of acquisition. The date of acquisition is the point in time when predominant control can be exercised within the relevant entity. The entities included in the consolidation continue to be consolidated until they are sold. De-consolidation takes place at the moment that decisive control is transferred. In that case the relevant company is recorded as a financial fixed asset.

A list of consolidated entities is included as part of the notes to the company financial statements. Joint ventures are not consolidated, but are included under the financial fixed assets. The accounting policies of group companies are adjusted as necessary to ensure consistency with the applicable accounting policies of APG Groep.

All entities over which APG Groep exercises dominant or joint control or significant influence are designated as related parties. The entities that can exercise dominant control over APG Groep are also designated as related party. Members of the Executive Board, under the articles of association, as well as other key officers in the management of APG Groep are also related parties.

Estimates
Estimates and assumptions that have an impact on the assets, liabilities, yields and expenses reported are used in preparing the financial statements. This is especially the case in determining the technical provisions and in valuing the non-listed investments. It may subsequently be found that the actual value differs from the reported value. In that case, any adjustments are recognized prospectively.

Recognition
Financial instruments are recognized on the balance sheet at the moment the contractual rights or liabilities arise with regard to those instruments. An asset is recognized on the balance sheet when it is likely that the future economic benefits will accrue to the company and the value of the asset can be reliably determined. A liability is recognized on the balance sheet when its settlement will most probably be accompanied by an outflow of funds and the amount of the outflow can be reliably determined.

Financial instruments are no longer recognized on the balance sheet if the transaction results in the transfer to a third party of (virtually) all rights to economic benefits or risks for the position.

Yields are recognized in the profit and loss account if an increase in the economic potential related to an increase in an asset or a reduction in a liability has taken place and the size of this can be reliably determined.

Expenses are recognized if a decrease in the economic potential related to a decrease in an asset or an increase in a liability has taken place and the size of this can be reliably determined.

Foreign currency translation
Items listed in the financial statements in foreign currency are valued at the exchange rate in effect on the balance sheet date. The exchange rate differences that arise upon conversion are reported in the profit and loss account. Monetary assets and liabilities in foreign currency are converted into the functional currency at the exchange rate applicable on the balance sheet date. The exchange rate differences arising from settlement and conversion are credited or debited to the profit and loss account, unless they are subjected to hedge accounting. Non-monetary assets that are carried at acquisition price in a foreign currency are converted at the exchange rate in effect on the transaction date.

Upon consolidation, the balance sheets of group companies prepared in a functional currency other than the euro are converted into euros at the exchange rate in effect on the balance sheet date. The initial valuation takes place at the actual exchange rate on the transaction date. Results in foreign currency are converted at the average exchange rate during the year under review. Currency differences concerning the value of group companies included in the consolidation are recognized in the reserve for conversion differences.

Derivative financial instruments and hedge accounting
Derivative financial instruments are valued at cost price or lower market value, unless hedge accounting is applied. APG Groep has concluded currency forward contracts to hedge the currency risk on the financing in foreign currency of the foreign subsidiaries. These currency forward contracts are valued at cost price, whereby cost price hedge accounting is applied. As long as the hedged item under cost price hedge accounting is not recognized on the balance sheet, the hedge instrument is not revalued. If there is an ineffective component of the hedge transaction, this component is recognized in the profit and loss account. Internal derivatives based on back-to-back agreements between APG Groep and APG Asset Management NV are recognized in APG Groep's company financial statements on the basis of cost price or lower market value.

Valuation differences that arise in the valuation of the currency forward contracts that are designated as a hedge of the net investment in foreign subsidiaries are recognized directly in the reserve for conversion differences, as part of the equity capital. The ineffective part is recognized in the profit and loss account.

APG Groep has documented its hedging strategy in writing. The assessment of whether, when using hedge accounting, the derivative financial instruments are effective in setting off the currency results of the hedged items is documented in writing using generic documentation. Hedge relationships are terminated if the respective derivative instruments expire or are sold.

Risk section

This section discusses the quantitative risks and sensitivity analyses for APG Groep.

The activities relating to pension administration and communication, asset management and executive consultancy take place at the expense and risk of the clients and hence primarily involve operational risks. The operational risks are explained as part of the balance sheet items to which they relate. The insurance business mainly runs financial risks connected with the insurance activities and related investment activities. In anticipation of its coming into force as of January 1, 2016, Solvency II already has an important place in the risk policy of the insurance business.

Solvency II focuses on the risks to the insurer and identifies a large number of risks.

The following are distinguished as significant financial risks:
- actuarial and insurance risks (short-life, longevity and disability risk);
- market risk, including interest rate risk, equity risk, currency risk, real estate risk, spread and counterparty credit risk;
- liquidity risk.

Actuarial and insurance risks
Insurance risks arise from a deviation between the risk premiums that are available for an insurance risk and the actual cost of claims arising from that risk. The key risks for the insurance business are the short-life risk (for the surviving dependents and term life insurances), longevity risk (for annuity insurances) and the disability risk (for work-related disability insurances).

Table 1: insight into the sensitivity of the result before taxes to increases/decreases in mortality rates and disability likelihoods based on the Solvency II criteria (in millions of euros)

	LIFE		NON-LIFE	
	2015	2014	2015	2014
Effect of 20-percent decrease in mortality rates/increase in longevity risk	-48.2	-49.5	-2.9	-4.7
Effect of 15-percent increase in mortality rates/increase in short-life risk	-12.2	-13.4	n /a	n/a
Effect of increase in disability likelihoods (1st year) by 35 percent / 25 percent (permanent)	n/a	n/a	-60.0	-123.6

The longevity risk is the probability of a loss due to the fact that insured individuals receiving a regular (temporary or lifelong) payment receive that payment for a longer period of time than assumed when the provision was made. Under Solvency II, this risk is quantified as the increase in the provision (relative to the Best Estimate) required to be able to absorb 20 percent of an integral decline in the mortality rates.

The mortality risk (short-life risk) is the probability of a loss due to the fact that the actual amount to be paid on death is higher than the technical provision maintained and the risk contribution received for this purpose. This is the case when the assumed mortality rate on which the technical provision and the risk contribution were based is lower than the actual mortality rate.

The invalidity/morbidity risk is the risk of losses or detrimental changes in the value of the insurance liabilities resulting from changes in the level, the trend or the volatility of the frequency or weight of insurance claims due to changes in the invalidity, illness and morbidity ratios.

The life insurance business does not have any products with the possibility of purchasing additional work-related disability coverage and consequently has no sensitivity to the disability risk.

The key risk for the non-life insurance business is the disability risk. The disability risk for the non-life insurance business has been redefined. In 2015, the pure disability risk was included, while the premium and reserve risk included the unemployment component (reintegration likelihood).

The insurance business values its provisions at the market interest rate, which is in line with its valuation of its investments at market value. The table below provides an overview of the contractual or best estimate maturity dates of the key financial liabilities based on the nominal cash flows stemming from the most important portfolios in the life insurance business and the non-life insurance business.

Table 2: duration of the main insurance liabilities and the liabilities by term (in millions of euros)

	0-3 YEARS	4-6 YEARS	7-9 YEARS	10-12 YEARS	> 12 YEARS	*Duration (in years)* 2015	*Duration (in years)* 2014	*Duration (in years)* 2013
Life	139	158	130	118	555	12.1	11.3	9.2
Non-life	103	168	141	97	223	8.9	8.7	9.8
Total	242	326	271	215	778	10.8	10.3	9.4

Market risk
Market risk is defined as the effect that changes in market prices have on the value of the assets and liabilities and by extension on the interest result. Market risk includes interest rate risk, equity risk, currency risk, real estate risk, spread and counterparty credit risk.

Interest rate risk
Interest rate risk is defined as the risk that the value of a financial instrument will fluctuate because of changes in the market interest rate. The insurance business has an interest rate risk on the assets side as well as the liabilities side of the balance sheet. On the assets side of the balance sheet, the insurance business has fixed income investments which vary in line with the interest rate. On the liabilities side, the liabilities are discounted with the risk-free rate: the DNB interest rate term structure excluding the Ultimate Forward Rate (UFR).

The interest rate risk arises due to a difference in the interest rate sensitivity of the investments and the liabilities. This interest rate risk is considered as undesirable by the insurance business. The interest rate policy is therefore based on a policy of interest rate risk immunization by means of swaps. In case of immunization, the swaps are purchased in such a way that the interest-rate sensitivity of the fixed-income portfolio plus the swaps is virtually identical to the interest rate sensitivity of the liabilities. The so-called hedge ratio is 100 percent (2014: 99 percent). The balance sheet of the insurance business is not entirely immune to changes in the interest rate (non-parallel shifts on the interest rate curve).

Table 3: effect of change in the market interest rate by 1 percentage point on the result before taxes (in millions of euros)

	DECREASE 1 PERCENTAGE POINT IN MARKET INTEREST RATE 2015	INCREASE 1 PERCENTAGE POINT IN MARKET INTEREST RATE 2015	DECREASE 1 PERCENTAGE POINT IN MARKET INTEREST RATE 2014	INCREASE 1 PERCENTAGE POINT IN MARKET INTEREST RATE 2014
Life				
· investments	90.0	-90.0	43.8	-43.8
· liabilities	-140.0	140.0	-151.3	151.3
· interest rate swaps	50.2	-50.2	106.3	-106.3
Impact on result	0.2	-0.2	-1.2	1.2
Non-life				
· investments	30.1	-30.1	23.5	-23.5
· liabilities	-55.6	55.6	-59.6	59.6
· interest rate swaps	25.5	-25.5	35.5	-35.5
Impact on result	0.0	0.0	-0.6	0.6

Equity risk
Equity risk is inherent to all assets and liabilities whose value is sensitive to fluctuations in equity prices. The insurance business does not invest for its own account and risk in exchange-traded equities because the accompanying volatility no longer matches the desired risk profile of the insurance business. Exchange-traded equity investments are nonetheless still undertaken for clients' account and risk since these can be part of an investment mix selected by the client.

At the end of 2015, the insurance business had a private equity portfolio for its own account and risk of € 29.0 million (2014: € 48.0 million). The impact of a decrease in the private equity price of 46.76%, the current Solvency II shock (2014: -54%), would result in a decrease in value of € 13.8 million, more specifically € 6.3 million for the life insurance business and € 7.5 million for the non-life insurance business. The private equity portfolio decreased from € 48.0 to € 29.0 million: companies or interests in companies were sold and the proceeds from that was paid out to the insurance business. A decrease in value also occurred.

Currency risk
The currency risk arises due to changes in the level or the volatility of exchange rates. This currency risk is considered as undesirable by the insurance business. The majority of the currency positions are hedged.

Sensitivity to the foreign currency risk is measured in accordance with the specifications of the Solvency II standard formula. Here, the impact on the result of a 25 percent movement in the exchange rate movement of the unhedged currency relative to the euro is calculated. This amounts in total to - € 0.3 million (2014: - € 1.3 million).

Currency forward contracts concluded to hedge the currency risk on the financing in foreign currency of the foreign subsidiaries are carried at cost price, for which cost price hedge accounting is applied. At the end of 2015, the fair value of the currency forward contracts was € 0.9 million (2014: € 3.9 million).

Derivatives positions
The insurance business makes use of derivatives in order to hedge the interest rate risk, the equity risk and the currency risk.

The table below shows the net asset value of the derivatives positions of the insurance business in relation to the outstanding exposure.

Table 4: derivatives positions at the end of the financial year (in millions of euros)

	CURRENT VALUE 2015	UNDERLYING VALUE 2015	CURRENT VALUE 2014	UNDERLYING VALUE 2014
Futures	-0.4	53.6	0.3	-92.4
Forwards	3.0	-110.9	-3.1	-138.7
Swaps	9.0	567.0	137.4	897.5
Totaal	11.6		134.6	

The swap portfolio is used to align the interest-rate sensitivity of the investments with the interest-rate sensitivity of the liabilities. This hedges the lion's share of the interest rate risk. The remaining interest rate risk is regarded as acceptable by the insurance business. The swap portfolio is monitored constantly and adjusted if necessary. The outstanding interest rate risk is reported in the monthly risk reports. For the sake of efficient portfolio management, the asset managers use mainly futures and swaps within risk frameworks. The market value of the swaps declined significantly in 2015. This was attributable in part to the increased swap interest rate (10 yr +19bp), but most of the decline is due to the termination of a number of existing swaps and the contracting of new interest rate swaps in the first quarter of 2015. When the existing swaps were terminated, the market value effective at that point was realized, while the new swaps start with a market value of zero.

Real estate risk
Real estate risk is the sensitivity of the value of investments and liabilities to changes in the market value of real estate.

Table 5: Real estate exposure (in millions of euros)

	2015	2014
Residential	100.5	91.9
Retail	56.2	57.1
Infrastructure	31.7	26.9
Real estate total	188.4	175.9

The insurance business invests in Dutch real estate via a limited number of unlisted companies. It also invests in infrastructure via an unlisted external investment vehicle. The real estate risk is measured in accordance with Solvency II. The effect of a 25-percent decline in the value of the real estate is calculated here, taking into account any leverage in the real estate funds (particularly in residential and retail). Infrastructure is shocked by 30 percent with effect from 2015.

Table 6: Real estate risk (incl. leverage)

	2015 TOTAL		2014 TOTAL	
	(€ millions)	As a %	(€ millions)	As a %
Residential	-31.6	-31.4%	-32.1	-35.0%
Retail	-18.5	-32.9%	-18.5	-32.3%
Infrastructure	-9.5	-30.0%	-6.7	-25.0%
Real estate total	-59.6	-32.6%	-57.3	-32.6%

The total in real estate investments increased somewhat in 2015 as a result of value increases in all three categories. The leverage within the real estate funds declined somewhat in 2015.

Spread and counterparty credit risk
Spread risk is the risk that the level of the credit spreads above the risk-free rate changes. There are various definitions of the risk-free rate: in this context, spreads are specified in relation to the swap curve.

The fixed-income securities portfolio is widely diversified over debtors, titles and regions. The emphasis, however, is on European banks and financial institutions. Almost all of these investments (99.7 percent) are in investment grade debtors. The market value of the total portfolio is € 1.9 billion (2014: € 2 billion).

With regard to the creditworthiness of the fixed-income securities portfolio according to rating (using the ratings of S&P or Moody's), 76% belong to Class A and higher (2014: 79%).

The fixed-income securities portfolio is primarily invested in Europe. More than 65% of the government portfolio is invested in the government bonds of northern euro countries. The portfolio does not contain any government loans from Greece or Portugal. The exposure to government loans from Italy and Spain amounts to € 164 million (2014: € 187 million). Our positions in corporate bonds and securitized loans in the US and the UK extend our exposure to economies other than those of the euro zone.

The sensitivity to the spread risk, measured according to Solvency II, increased somewhat on balance in 2015 compared to 2014, as the result of longer duration.

Counterparty credit risk is defined as the risk that a counterparty to a financial instrument will not fulfill its obligation, thus causing the other party to suffer a financial loss.

The receivables from derivatives transactions, reinsurance and bank balances in particular are relevant for the insurance business. The counterparty risk for derivatives is minimal due to the daily exchange of collateral. The bank balances are maintained with large Dutch banks and the reinsurance contracts are con-cluded with solvent reinsurers.

The credit risk on debtors for the administrative business is mainly limited to claims on clients and banks. The claims on clients are the claims arising from the service agreements. The claims on banks relate to immediately withdrawable bank account balances, short-term deposits and currency forward contracts. The credit risk on currency forward contracts are largely mitigated by the exchange of collateral.

Liquidity risk
Liquidity risk is defined as the risk that a company is unable to procure the financial resources needed to fulfill its obligations related to financial instruments.

In addition to holding adequate cash to satisfy the short-term liquidity requirement, the insurance business invests a large portion of the fixed-income securities portfolio in liquid loans (government loans from core Euro countries and corporate bonds with short terms). Investments in real estate, private equity and infrastructure cannot be liquidated on short notice. With the net resulting liquidity position, the insurance business was easily able to satisfy the liquidity requirements arising from the regular business or, as the case may be, relating to the derivatives positions held.

Liquidity risk can arise, for example, if a financial asset cannot be sold quickly in exchange for virtually its current value. The risk is limited by investing the excess cash exclusively in short-term investments.

Accounting policies for the valuation of assets and liabilities

Fixed assets

Intangible fixed assets (1)
The intangible fixed assets are carried at acquisition price or manufacture cost, net of straight-line amortization. The amortization term is based on the expected economic earn-back period. An assessment is carried out on every balance sheet date to determine whether there is any indication that a fixed asset may be subject to an impairment. If there are indications that the recoverable value (in terms of the higher of value in use or realizable value) is lower on a long-term basis than the book value, an impairment is recognized and charged to the profit and loss account and this is explained in the notes. The reversal of earlier impairments is also recognized via the profit and loss account.

Upon the acquisition of a company, all identifiable assets and liabilities of the particular company are recognized on the balance sheet at fair value on the acquisition date, unless it concerns a 'common control' transaction (common control transactions involve the purchase or sale of equity in group companies, and these are reported at book value). The acquisition price consists of the monetary amount or equivalent that is agreed for the acquisition of the acquired company. Goodwill arising on acquisition is measured on initial recognition as the difference between the purchase price and (its share in) the current value of the identifiable assets and liabilities.

Research costs are recognized in the profit and loss account. Expenditure for development projects is capitalized as part of the manufacture cost if it is likely that the project will be commercially and technically successful (i.e.: if it is probable that economic benefits will accrue to the company) and the costs can be reliably determined. A statutory reserve equal to the capitalized amount has been formed under the equity capital for the capitalized development costs. The amortization of the capitalized development costs starts as soon as commercial production has started and takes place over the expected future economic useful life of the asset.

Tangible fixed assets (2)
Tangible fixed assets are carried at acquisition price, net of straight-line depreciation or at lower going-concern value. Depreciation takes place on the basis of the expected useful economic life, taking into account any residual value. An assessment is carried out on every balance sheet date to determine whether there is any indication that a fixed asset may be subject to an impairment. If there are indications that the recoverable value (in terms of the higher of value in use or realizable value) is lower on a long-term basis than the book value, an impairment is recognized and charged to the profit and loss account and this is explained in the notes. The reversal of earlier impairments is also recognized via the profit and loss account.

Financial fixed assets (3)
Loans provided are carried at fair value on the initial recognition. After the initial recognition, loans provided are carried at amortized cost price. In the absence of contributions/discounts this is the face value.

Participations are valued at net asset value. This valuation stops as soon as this net asset value has become zero or lower. If the company stands as guarantor for all or part of the debts of participations, or there is an actual obligation to provide participations with financial support, a provision is formed for this.
Participations in which APG Group does not have significant influence are included under financial fixed assets and are valued at the acquisition price or lower market value.

Deferred tax assets, including claims arising from loss compensation, are recognized on the balance sheet to the extent it is likely that there will be future fiscal gains against which temporary differences and non-compensated fiscal losses can be set off. The calculation takes into account rates in effect in coming years to the extent that these have already been set. Valuation takes place at face value. Insofar as the deferred tax asset is of a short-term nature, it is included under the receivables, prepayments and accrued income.

An assessment is carried out on every balance sheet date to determine whether there is any indication that a fixed asset may be subject to impairment. If there are indications that the recoverable value of the financial fixed assets is lower on a long-term basis than the book value, an impairment is recognized and this is explained in the notes.

Investments insurance business (4)

The purchase and sale of investments is recognized on the transaction date, i.e. the date on which the company enters into the obligation to purchase or sell the asset. On initial recognition, investments are carried at fair value, which is the cost price of the acquired asset. Transaction costs are recognized in the profit and loss account.

Changes in fair value are included in the profit and loss account in the period in which they occur.

The investments can be subdivided into three categories, specifically:

- Real assets
- Fixed income investments
- Other investments

Valuation of real assets
Some of the investments in real assets (financial assets) are valued on the basis of listed market prices (level 1).
For unlisted investments (real estate investments, for instance), observable market data are used (level 2). Only a small portion of the total real assets (private equity) is included at fair value based on estimates (level 3). Where estimates are used, they are based on evidence from independent third parties, whereby this value is based on the fair value of the underlying investments. Although such valuations are sensitive to estimates, it is assumed that changes in one or more of the assumptions to reasonably possible alternative assumptions will not significantly change the fair value.

Valuation of fixed-income securities
Most of the investments in fixed-income securities (bonds) are valued on the basis of listed market prices (level 1).

For unlisted and inactive fixed-income securities, observable market data are used (level 2). Fair value measured at level 2 uses inputs other than listed prices included in level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specific (contractual) term, a level 2 input variable must be observable for practically the entire term of the asset or liability.

Valuation of other investments
These investments are derivatives held to hedge risks in the provisions as well as in the investment portfolio. Swaps are valued daily, using models based on generally accepted principles, by discounting the most current expected cash flows with current interest rate curves. All changes in the value of these derivatives are directly debited or credited to the investment income in the profit and loss account in the category 'Other investments.

Current assets

Receivables, prepayments and accrued income (5)
Receivables, prepayments and accrued income are included at fair value on initial recognition. After initial recognition, the receivables are valued at amortized cost price. This value usually corresponds to the face value less any provisions deemed necessary for bad debts.

Receivables from reinsurance (6)
Receivables from reinsurance are included at fair value on initial recognition. After initial recognition, the receivables are valued at amortized cost price. This value usually corresponds to the face value less any provisions deemed necessary for bad debts.

Cash and cash equivalents(7)
Cash and cash equivalents are valued at face value.

Group equity (8)

The equity capital is explained in the notes to the company financial statements.

Provisions

Insurance liabilities (9)
The provision for insurance liabilities is made up of the provision for life insurance liabilities and the provision for non-life insurance liabilities.

The provision for life insurance liabilities comprises the provision for periodic benefits already in payment and deferred, the provision for unit-linked insurance, the provision for end value guarantees and the provision for B insurance policies.

The provision is valued at the present value of the expected future cash flows.

The mortality rates used for the most important life insurance contracts are based on the generation tables published in 2014 by the Actuarial Association, in first instance corrected with an age-related selection factor. The resulting corrected table is then multiplied by product and sex-related correction factors. For the unindexed annuities, this table is multiplied by 90% for men and 82% for women; and for indexed annuities by 117% for men and 128% for women.

Annual indexation is taken into account when determining the expected cash flows.

The resulting cash flows are then converted to present value using a current risk-free yield curve; this is based on the DNB interest rate term structure excluding the Ultimate Forward Rate (UFR).

Finally, provisions are increased by supplements for future administrative expenses, with it being presumed that the current level of expenses constitutes a realistic assumption for future costs and expenses, adjusted for inflation.

The mortality tables used for non-life insurance contracts are based on the generation tables published in 2014 by the Actuarial Association, which, based on the analysis of the assumptions, have been adjusted by a factor of 148% for men and 206% for women. Annual indexation is taken into account when determining the expected cash flows. The resulting cash flows are then converted to present value using a current risk-free yield curve; this is based on the DNB interest rate structure excluding UFR at year-end 2014.

Finally, provisions are increased by supplements for future administrative expenses, under the presumption that the current level of expenses constitutes a realistic assumption for future costs and expenses, adjusted for inflation.

The main non-life insurance contracts concern occupational disability insurance policies. The provisions for these non-life insurance policies are based on the estimated amounts of the benefits ultimately payable in respect of all claims arising prior to the balance sheet date, regardless of whether they have already been reported at that date, along with the associated (future) administrative expenses.

Deferred taxes (10)
The provision for deferred taxes includes the deferred tax liabilities resulting from (temporary) differences between commercial and fiscal assets. The calculation takes into account rates in effect in coming years, to the extent that these have already been set. Valuation takes place at face value. Insofar as the deferred tax liability is of a short-term nature, it is included under payables.

Other provisions (11)

General
The other provisions concern liabilities or losses which will most likely have to be settled or taken and of which the size can be reliably estimated. The size of the provision is determined by estimating the amounts necessary to settle the particular liabilities and losses as of the balance sheet date and are carried, insofar as long-term, at the present value of the expected future expenses. The discount rate used is based on the year-end interest rate for investment-grade Dutch corporate bonds, taking into account the remaining term of the provisions.

Personnel-related Provisions
Personnel-related provisions, including the restructuring provision, insofar as they are long-term, are valued at the present value of the expected future expenses, taking into account the relevant actuarial assumptions. The discount rate used is based on the year-end interest rate for investment-grade Dutch corporate bonds, taking into account the remaining term of the provisions. Short-term personnel-related provisions are created on the basis of the face value of the expenditures that are expected to be necessary to settle the liabilities and losses.

Other personnel-related provisions
The other personnel-related provisions, including the provision for leave and long-service anniversaries, are stated at the present value of the expected payments during the employment relationship. The calculation of the provision takes into account, among other things, expected salary increases and the likelihood of staying. When discounting to present value, the market interest rate of investment-grade corporate bonds of 0 percent is used as discount rate (2014: 0 percent).

Other provisions
The other long-term provisions, including the provision for the separation of the administrative organization and the provision for major maintenance, are included at present value. The notional interest rate used is based on the year-end interest rate for investment-grade Dutch corporate bonds, taking into account the remaining term of the provisions. Short-term provisions are created on the basis of the face value of the expenditures that are expected to be necessary to settle the liabilities and losses. The addition to the provision for major maintenance is determined on the basis of the estimated maintenance amount and the period between recurring major maintenance activities.

Long-term liabilities (12)

The long-term liabilities are initially valued at fair value. After initial recognition, the long-term liabilities are valued at amortized cost price. This value usually corresponds to the face value.

Current liabilities and accrued liabilities (13)

Current liabilities and accrued liabilities are valued at fair value on initial recognition. Current liabilities and accrued liabilities are subsequently valued at amortized cost price. This value usually corresponds to the face value.

BASES FOR DETERMINATION OF RESULT

General
The items included on the profit and loss account are largely a function of the accounting policies in respect of the investments and the provision for insurance liabilities used in the preparation of the balance sheet. Both realized and unrealized results are accounted for directly in the result.

Income, expenses and payments are attributed to the period to which they relate.

Net turnover

Insurance contributions (14)
The insurance contributions are the earned contributions, single contributions and commissions attributable to the financial year, including the addition to the provision for the indexation of benefits granted on the basis of the policy terms and conditions. The unearned surviving dependents' pension and term life insurance premiums are added to the provision for unearned contributions.

Reinsurance concerns the term life portfolio and the Disability Pension Supplement Plan and consists of a percentage of the payments.

Investment results (15)
Net investment income comprises dividend on real assets and interest income from fixed-income securities for the financial year, fair value changes in investments and derivatives, and gains and losses on the sale of investments and derivatives.

Dividend on investments in real assets is treated as a gain on the ex-dividend date. Interest income is recognized in the period to which it relates.

Changes in value relate to the difference between, on the one hand, the book value at the end of the year or the proceeds from sale during the year and, on the other, the book value at the end of the preceding year or the acquisition price during the year.

Income from services to third parties (16)
The fees received from third parties for administrative activities for pension and asset management, less any discounts, are attributed to the period to which they relate.

Other operating income (17)
The income from other services provided to third parties is recognized less discounts and taxes levied on turnover. Income from services provided is recognized prorated to the performance delivered, based on the services provided up to the balance sheet date as a proportion of the total services to be provided.

Operating expenses

Provision for insurance liabilities (18)
The provision for insurance liabilities is made up of the provision for life insurance liabilities and the provision for non-life insurance liabilities.

The actuarial policies used and the process for establishing these is explained in the notes to the consolidated profit and loss account

Payments (19)
Payments are attributed to the period to which they relate.

Personnel costs (21)
Wages, salaries and social security contributions are recognized in the profit and loss account based on the terms of employment insofar as they are payable to the employees. The pension schemes are recognized in accordance with the liabilities method, on the basis of the applicable pension agreements; the pension contributions due for the financial year are recognized in the profit and loss account as an expense. Specific schemes apply for most employees abroad.

Amortization and depreciation on intangible and tangible fixed assets (22)
Amortization or depreciation is recognized from first taking into use onwards, proportionate to the expected useful life or expected economic life, according to the straight-line method.

Other operating costs (23)
The item other operating costs consists mainly of automation costs and accommodation costs.

Interest income and similar income (24)

Interest income and similar income are attributed to the year under review, where necessary taking into account the effective interest rate of the relevant assets. The interest income is income from current accounts and deposits, insofar as this is not considered part of the investment income.

Interest charges and similar costs (25)

Interest charges and similar costs are attributed to the year under review, where necessary taking into account the effective interest rate of the relevant liabilities.

Taxes (26)

The taxes on the result are calculated on the result before taxes in the profit and loss account with due consideration for the available losses with tax offsets from previous financial years (insofar as these are not included as part of the deferred tax assets) and tax-exempt profit components, and after adding any non-deductible costs. Temporary differences resulting from differences in commercial and fiscal valuation are expressed in (the development in) the deferred tax liability or asset.

In addition, changes in the deferred tax assets and deferred tax liabilities arising from changes in the applicable tax rates are taken into account.

Result from participations (27)

The result from participations is determined based on the change in the net asset value.

Leasing

Lease contracts whose economic benefits and disadvantages are not for the account and risk of the company are classified and reported as operational lease. The lease obligations are recognized in the profit and loss account over the contractual lease period on a straight-line basis, taking into account any reimbursements received from the lessor.

Financial instruments

When using cost price hedge accounting, the first valuation and basis for recognizing the hedge instrument on the balance sheet and in the profit and loss account depends on the hedged position. If the hedged position is recognized on the balance sheet at cost price, the derivative is also carried at cost price. As long as the hedged item in the cost-price hedge has not yet been recognized on the balance sheet, the hedge instrument is not revalued.

The ineffective component of the hedge transaction is recognized directly in the profit and loss account.

APG Group has documented its hedging strategy. The assessment of whether, when using hedge accounting, the derivative financial instruments are effective in setting off the currency results of the hedged items is documented using generic documentation. Hedge relationships are terminated if the respective derivative instruments expire or are sold.

APG Group carries out an effectiveness test at least at every formal reporting moment as well as upon inception of the hedge relationship.

Basis of the cash flow statement

The cash flow statement is prepared in accordance with the indirect method and provides insight into movements in the balance sheet item of cash and cash equivalents. Cash flows in foreign currency are converted at the average exchange rate.

Notes to the Consolidated Balance Sheet
in thousands of euros

Fixed assets

Intangible fixed assets (1)
The intangible fixed assets include the goodwill calculated upon the acquisition of business activities and capital interests and the value of the client contracts and insurance portfolio identified with this acquisition. This item also includes purchased software.

The movement in these items is as follows ››

The economic earn-back period of the intangible fixed assets, with the exception of purchased software, is based on the period over which future economic benefits from underlying contract agreements with a long term are derived. The software includes intangible fixed assets which have been fully amortized, but which are still in use.

There are no intangible fixed assets with limited ownership rights and no intangible fixed assets have been furnished as security for debts. Nor are there any liabilities due to the acquisition of intangible fixed assets.

Tangible fixed assets (2)
The tangible fixed assets comprise the furnishings and inventory, data-processing equipment and other tangible fixed assets.

The movements in this item are as follows ››

No securities have been furnished.
The item Other includes leasehold improvements.

Intangible fixed assets	GOODWILL	CLIENT CONTRACTS	INSURANCE PORTFOLIO	SOFTWARE	TOTAL 2015	TOTAL 2014
Opening balance	210,348	335,354	56,274	8,461	610,437	688,625
Investments	100	-	-	3,310	3,410	4,412
Amortization	-17,215	-43,383	-17,771	-4,101	-82,470	-82,613
Impairments	-	-	-	-	-	-
Other changes	-	-	-	-	-	13
Closing balance	193,233	291,971	38,503	7,670	531,377	610,437
Cumulative purchase value	326,675	629,702	177,707	54,218	1,188,302	1,184,993
Cumulative amortization and impairments	-133,442	-337,731	-139,204	-46,548	-656,925	-574,556
Book value	193,233	291,971	38,503	7,670	531,377	610,437
Amortization rates	5-10 %	5-10 %	10 %	20-25 %		

Tangible fixed assets (2)	FURNISHINGS AND INVENTORY	DATA-PROCESSING EQUIPMENT	OTHER	TOTAL 2015	TOTAL 2014
Opening balance	10,458	10,379	3,694	24,531	28,483
Investments	483	4,290	1,756	6,529	4,395
Disposals	-	-26	-	-26	-3
Depreciation	-2,220	-4,745	-527	-7,492	-8,859
Changes in value	-	-28	-	-28	-30
Other changes	36	2	338	376	545
Closing balance	8,757	9,872	5,261	23,890	24,531
Cumulative purchase value	27,575	44,769	9,690	82,034	74,219
Cumulative depreciation and impairments	-18,818	-34,897	-4,429	-58,144	-49,688
Book value	8,757	9,872	5,261	23,890	24,531
Depreciation rates	<20 %	20-25 %	10 %		

Financial fixed assets (3)
The financial fixed assets include a deferred tax asset resulting from differences between commercial and fiscal valuations, participations that are not consolidated and other financial fixed assets.

The list of participations not included in the consolidation is included in the notes to the company balance sheet.

The movement in these items is as follows:

	DEFERRED TAX ASSETS	PARTICIPATIONS	OTHER	TOTAL 2015	TOTAL 2014
Opening balance	96,748	1,211	1,457	99,416	87,264
Purchases and benefits/ allocations	-	1,713	571	2,284	359
Sales and repayments	-	-	-	-	-
Result from participation	-	-296	-	-296	-259
Changes in value	1,703	-	-34	1,669	-
Other changes	31,399	-	170	31,569	12,052
Closing balance	129,850	2,628	2,164	134,642	99,416

The deferred tax asset mainly relates to temporary differences between the commercial and fiscal valuation of the goodwill created as a result of the separation of the administrative organization in 2008 (and agreed on with the Tax and Customs Administration), and of the investments and insurance liabilities of the insurance business. Of this, € 0.9 million has an expected term of less than one year.

The deferred tax asset is offset against the fiscal results in future years. A deferred tax asset is created for tax-offsettable losses from the past if and insofar as these tax losses can be expected to be able to be used to offset positive results within the time frames that apply for these. The offsettable differences and losses not included amount to € 0.2 million.

Investments insurance business (4)

The investments of the insurance business are held both at the business's own expense and at the expense and risk of policyholders. The real assets included in these investments concern real estate funds, real estate and private equity. The fixed-income securities are bonds. The other investments consist of the overlay fund (over-the-counter derivatives) and the 'rendementsrekening' (yield account). Forward exchange contracts, options and interest rate swaps are included in the overlay fund.

Current Value Hierarchy
Investments are valued at current value. These are categorized based on the following hierarchy.

The majority of the insurance business's investments are valued on the basis of listed market prices (level 1) or observable market data (level 2). Only a small portion of the total assets is included at current value based on estimates (level 3). Where estimates are used, they are based on evidence from independent third parties or internally developed models, where possible calibrated to observable market data. Although such valuations are sensitive to estimates, it is assumed that changes in one or more of the assumptions to reasonably possible alternative assumptions will not significantly change the current value.

Published prices in active markets ('Level 1')

Fair value measured at level 1 only uses listed prices (unadjusted) in active markets for identical assets and liabilities. An active market is one in which transactions take place with sufficient frequency and volume so that prices are regularly available. Examples are equities, bonds and investment funds listed on active markets.

Measurement method based on (significant) observable market inputs ('Level 2')

Fair value measured at level 2 uses inputs other than listed prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 involves the following input variables:
- Listed prices for similar (i.e. not identical) assets/liabilities in active markets;
- Input variables other than listed prices observable for the asset, in particular market data based on income, yield curves and observable market data (income is based on loss-adjusted cash flows based on customary parameters, such as, for example, volatility, early redemption spreads, loss ratio, credit risks, default rates);
- Input variables arising mainly from or confirmed by observable market data by correlation or other means (market-confirmed inputs).

Examples of assets or liabilities at level 2 are financial instruments measured using discounted cash flow models. The calculation is based on expected income and the observable market swap yield. Additional measurements are performed for real estate and infrastructure investments using observable market data.

Measurement method not based on (significant) observable market inputs ('Level 3')

Fair value measured at level 3 uses inputs for the asset or liability that are not based on observable market data. Unobservable input variables can be used if observable input variables are not available. This way fair value can still be measured at the reporting date in situations in which there is no or almost no active market for the asset or liability. The measurement is then based on the best estimate by management that would normally use the market to measure the value of the financial instrument. Examples include certain private equity investments and private placements.

In summary, the fair value hierarchy can be depicted as follows:

MARKET VALUES	LEVEL 1		LEVEL 2		LEVEL 3		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014
Real assets	179,010	180,207	188,440	181,530	29,478	47,651	396,928	409,388
Fixed income	2,329,923	2,475,835	175,118	-	-	-	2,505,041	2,475,835
Other	83,609	69,556	11,616	136,235	-	-	95,225	205,791
Total investment portfolio	2,592,542	2,725,598	375,174	317,765	29,478	47,651	2,997,194	3,091,014

The table above shows the total investment portfolio including derivatives with a negative value which are stated under the other investments (2015: € 22.3 million; 2014: € 5.8 million).

Movements in the investments of the insurance business are as follows:

	REAL ASSETS	FIXED INCOME INVESTMENTS	OTHER INVESTMENTS	TOTAL 2015	TOTAL 2014
For own account					
Opening balance	224,121	2,045,934	138,699	2,408,754	2,190,589
Reclassifications	-	-	-	-	16
Opening balance after reclassifications	224,121	2,045,934	138,699	2,408,754	2,190,605
Purchases and sales	-20,493	25,131	-94,401	-89,763	-86,831
Change in value	14,678	16,843	-22,764	8,757	304,980
Closing balance	218,306	2,087,908	21,534	2,327,748	2,408,754
Derivatives with negative value	-	-	21,651	21,651	1,522
Net position of investments	218,306	2,087,908	43,185	2,349,399	2,410,276
For policyholders' risk with guarantee					
Opening balance	76,236	374,160	21,720	472,116	433,395
Reclassifications	-	-	-	-	837
Opening balance after reclassifications	76,236	374,160	21,720	472,116	434,232
Purchases and sales	3,425	-9,448	722	-5,301	-2,592
Change in value	1,092	1,344	695	3,131	40,476
Closing balance	80,753	366,056	23,137	469,946	472,116
Derivatives with negative value	-	-	444	444	2,988
Net position of investments	80,753	366,056	23,581	470,390	475,104
For policyholders' risk without guarantee					
Opening balance	109,032	55,740	45,372	210,144	214,133
Reclassifications	-	-	-	-	347
Opening balance after reclassifications	109,032	55,740	45,372	210,144	214,480
Purchases and sales	-18,570	-5,472	3,519	-20,523	-25,890
Change in value	7,408	809	1,662	9,879	21,554
Closing balance	97,870	51,077	50,553	199,500	210,144
Derivatives with negative value	-	-	220	220	1,322
Net position of investments	97,870	51,077	50,773	199,720	211,466
Total general	396,929	2,505,041	117,539	3,019,509	3,096,846
Of the closing balance:					
· Listed	179,011	2,329,923	117,539	2,626,473	2,873,234
· Not listed	217,918	175,118	-	393,036	223,612

The reclassifications (from receivables based on investments) are a result of refined insights into the investment portfolio.

Current assets

Receivables, prepayments and accrued income (5)	31-12-2015	31-12-2014
Accounts receivable	12,525	7,498
Receivables from related parties	142,602	137,873
Amounts not yet invoiced	15,573	4,315
Taxes and national insurance contributions	6,905	4,597
Accounts receivable from investments	9,073	24,477
Receivable insurance contributions	13,528	13,353
Other receivables and accrued income	22,102	24,016
Total	222,308	216,129

The receivables from related parties mainly relate to the services provided to the mutual investment funds on account of management by APG. The mutual investment funds are investment communities in which assets are brought together by multiple clients with common investment goals and the management is performed by APG.

The receivables do not include any items with a remaining term of more than one year. No securities have been furnished and no interest was received on the receivables.

Receivables from reinsurance (6)	31-12-2015	31-12-2014
Reinsurance portion of provisions	38,686	47,130
Receivables from reinsurance	2,359	3,209
Total	41,045	50,339

This item includes the receivables from reinsurance accruing to the insurance business.
The term of the reinsurance portion is virtually identical to that of the respective insurance liabilities.

Cash and cash equivalents (7)	31-12-2015	31-12-2014
Bank balances in current account	644,665	539,319
Deposits	56,722	201,326
Cash from investments	77,749	37,450
Total	779,136	778,095

A sum of € 8.1 million of the cash and cash equivalents (2014: € 10.8 million) may not be freely disposed of. The cash from investments may similarly not be freely disposed of.

No further security has been furnished, nor have any supplementary terms and conditions been entered into. In view of the nature of the deposits (short term), the interest rate risk is very low. The deposits are with well-known financial institutions. This is why the credit risk is limited.

Group equity (8)

	31-12-2015	31-12-2014
Equity capital	1,208,896	1,272,744
Group equity	1,208,896	1,272,744

APG Groep's equity capital is part of the group equity and is explained in the notes to the balance sheet in the company financial statements. The solvency of the insurance subsidiary included in the consolidation here is, according to Solvency I, 413% (2014: 372%).

The movements in the group equity and insight into the total result (group result and direct movements) are as follows.

	2015		2014	
Opening balance		1,272,744		1,268,666
Group result after taxes		43,957		35,967
Dividend paid out in cash	*-110,000*		*-34,841*	
Other changes	*2,195*		*2,952*	
Total direct movements		-107,805		-31,889
Closing balance		1,208,896		1,272,744

The other movements ensue from a change in the reserve for conversion differences and a correction to the consolidation arising from the dissolution of a participation.

Provisions

Insurance liabilities (9)

The insurance liabilities relate to life insurance and non-life insurance. Some of the non-life insurance liabilities are reinsured. The reinsurance portion of the provision for non-life insurance in the amount of € 38.6 million (2014: € 47.1 million) is included under the receivables from reinsurance. The total liability is included under the provision for insurance liabilities.

	31-12-2015	31-12-2014
Provision for life insurance	2,112,050	2,267,488
· for own account	*1,123,464*	*1,198,426*
· for policyholders' risk without guarantee	*200,758*	*208,311*
· for policyholders' risk with guarantee	*787,828*	*860,751*
Provision for non-life insurance	836,104	818,462
Total	2,948,154	3,085,950

Movements in the provision for insurance liabilities are as follows.

	AT OWN EXPENSE	FOR POLICYHOLDERS' RISK WITHOUT GUARANTEE	FOR POLICYHOLDERS' RISK WITH GUARANTEE	TOTAL 2015	TOTAL 2014
Opening balance	2,016,888	208,311	860,751	3,085,950	2,865,227
Contribution and other allocations	149,938	10,902	64,293	225,133	245,510
Interest added	-7,296	8,793	8,681	10,178	350,171
Profit sharing/indexation	-6,787	-	-	-6,787	-9,166
Release for expenses	-5,942	822	-3,636	-8,756	-18,897
Release for payments	-143,830	-3,769	-123,547	-271,146	-258,874
Other changes (expiry and buyout)	-43,403	-24,301	-18,714	-86,418	-88,021
Closing balance	1,959,568	200,758	787,828	2,948,154	3,085,950

The provision for life insurance liabilities comprises the provision for periodic payments in payment and deferred in the amount of € 960 million (2014: € 1,028 million), the provision for end value guarantees in the amount of € 787 million (2014: € 861 million), the provision for B policies in the amount of € 154 million (2014: € 161 million), the provision for unit-linked insurance policies in the amount of € 201 million (2014: € 208 million) and the provision for risk insurance in the amount of € 10 million (2014: € 10 million).

Changes in accounting estimates for Life
Research into the mortality rates within the portfolio has indicated that no adjustment is necessary for the mortality rates for 2015. The AG2014 generation table published serves as the basis. This table is corrected with age-related, product-related and sex-related factors. The effect of this change resulted in an increase in the provision by € 1.1 million in 2014.

The provision for non-life insurance relates to policies concluded for work-related disability in the amount of € 822 million (2014: € 808 million), sick pay in the amount of € 10 million (2014: € 10 million) and other in the amount of € 4 million (2014: € 0 million).

The provisions for these non-life insurance policies are based on the estimated benefits ultimately payable in respect of all claims arising prior to the balance sheet date, regardless of whether or not they have already been reported at that date (Incurred But Not Reported), along with the associated (future) administrative expenses.

Changes in accounting estimates for Non-life
Research into the mortality rates within the work-related disability portfolio has indicated that no adjustment is necessary for the mortality rates for 2015. (AG2014 generation table (M/F 148%/206%)).

The effect of this change resulted in an increase in the provision by € 4.8 million and is stated under Other changes in 2014.

Deferred taxes (10)
The provision for deferred taxes chiefly stems from the difference between the fiscal valuation of the intangible fixed assets, being client contracts and the insurance portfolio.

	2015	2014
Opening balance	17,937	24,213
Allocations	-	-
Withdrawals	-	-
Utilized	-5,178	-6,276
Closing balance	12,759	17,937

Of the provision for deferred taxes, € 6.1 million has an expected term of less than one year.

Other provisions (11)
Movements in other provisions are as follows.

	PERSONNEL-RELATED PROVISIONS	RESTRUCTURING PROVISION	PROVISION FOR SEPARATION OF THE ADMINISTRATIVE ORGANIZATION	OTHER PROVISIONS	TOTAL 2015	TOTAL 2014
Opening balance	25,370	86,426	11,371	1,428	124,595	132,817
Allocations	7,174	73,595	-	700	81,469	81,834
Withdrawals	-5,181	-35,841	-1,603	-	-42,625	-90,493
Release	-458	-3,065	-2,678	-1,027	-7,228	-744
Other changes	1,446	-	-	-	1,446	1,181
Closing balance	28,351	121,115	7,090	1,101	157,657	124,595

€ 32.4 million (2014: € 5.9 million) of the total amount is expected to have a term of more than five years, while € 42.9 million is expected to be settled in 2016 (2014: € 55.3 million).

Personnel-related Provisions
This provision was created for liabilities following from long-term personnel remunerations (long-service awards, bonus plan), liabilities arising from redundancies and (former) employment contracts (unemployment benefit (WW)) and a provision for a mortgage facility for former employees.

Restructuring provision
This provision was formed to cover the costs of reorganizations related to the employer-facilitated voluntary departure schemes and redundancy analogous to the various stages of the change programs within the group.
In 2015, an allocation in the amount of € 73.6 million was made (2014: € 68.0 million). This restructuring provision is formed when a detailed plan of the reorganization is formalized and this has been announced to those affected. Withdrawals from the provision take place at the moment the particular expenditure related to voluntary departure and redundancy takes place.

Provision for separation of the administrative organization
This provision includes the unavoidable costs for temporary, partial vacancy of the Basisweg office building, taking into account the likelihood of subletting. Effective from mid-2013, the building was partially sublet with an estimated 3-year term. This sublet has been recognized in the determination of the provision at year-end 2015.

Following from a decrease in the vacancy, an amount of € 2.7 million was released in favor of the result (2014: € 5.4 million charge). The term of the provision coincides with the term of the lease, which runs to the end of 2020.

Other provisions
The other provisions concern a provision for major maintenance. A provision for major maintenance has been created for the future costs of major maintenance.

Long-term liabilities (12)

	2015	2014
Opening balance	23,767	23,767
Drawdowns	-	-
Repayments	-	-
Closing balance	23,767	23,767

Of the closing balance, an amount of € 12.9 million relates to financing by related parties (2014: € 12.9 million). An amount of € 10.9 million of the closing balance has a remaining term of more than five years. The interest rates range from 5.4 percent to 7.25 percent per annum (2014: 5.4 percent to 7.25 percent per annum). No security has been furnished. The fair value of the long-term liabilities is € 38.7 million.

Current liabilities and accrued liabilities (13)

	31-12-2015	31-12-2014
Debts arising from investments	13,255	23,224
Benefits to be paid	12,564	13,004
Amounts received in advance	11,644	11,839
Amounts invoiced in advance	17,316	15,868
Accounts payable	7,710	12,577
Holiday pay and vacation days	23,206	23,483
Other personnel-related liabilities	32,546	37,074
Taxes and national insurance contributions	27,332	21,225
Corporate income tax	64,721	25,230
Amounts owed to related parties	133,401	111,490
Amounts not yet paid	-	10,075
Invoices still to be received	14,724	7,755
Liabilities in connection with pensions	1,375	1,874
Liabilities relating to derivatives	22,315	6,909
Compensation received in connection with letting of an office building	1,380	949
Negative bank balances	3,396	-
Other liabilities	13,789	28,224
Total	400,674	350,800

The liabilities relating to derivatives include a currency forward contract that serves to hedge the net investment in a foreign subsidiary. The liability arising from the contract amounts to € 10.2 million (contract price) and the value on the balance sheet date is negative € 1.1 million.
Of the compensation received in connection with the letting of an office building, a sum of € 1.4 million relates to the years 2016 to 2021, inclusive (2014: € 0.8 million). The current liabilities do not include any other items with a remaining term of more than one year (2014: zero). No securities have been furnished and no interest has been paid on the current liabilities.

Liabilities and entitlements not shown on face of the balance sheet

At the balance sheet date, liabilities under current rental contract commitments in the amount of € 148.9 million are outstanding (2014: € 155.0 million), of which € 26.5 million is due within one year (2014: € 24.5 million), € 96.7 million is due between one and five years (2014: € 72.0 million) and € 25.7 million is due after five years (2014: € 58.5 million). In 2015 € 19.6 million (2014: € 19.0 million) in rental costs are reported.

As part of the establishment and investment in the Brightlands Smart Services Campus in Heerlen together with Maastricht University and the Province of Limburg, long-term contracts for the purchase of professional services were entered into with two contract parties in 2015. The liabilities arising from these contracts are € 118.0 million (2014: zero), of which € 9.2 million (2014: zero) is due within one year of the end of the financial year, € 41.4 million (2014: zero) is due between one and five years and € 67.4 million (2014: zero) is owed after five years. Minimum purchasing volumes were agreed on in the contracts. If the actual purchase volumes realized are lower than the minimum volume applicable for that moment, APG is required to pay 25 percent of the difference. In the event of early termination by APG, termination compensation amounts have been agreed on, depending on the moment of termination. The maximum potential liability arising from this is € 4.0 million.

The liabilities under long-term car lease contracts are € 9.8 million (2014: € 11.4 million), of which € 4.1 million is due within one year of the end of the year under review(2014: € 4.5 million) and € 5.7 million is due between one and five years (2014: € 6.9 million). There are no liabilities due after five years. € 5.0 million in lease costs are reported for the reporting year (2014: € 7.5 million). The lease company determined the lease liability on the basis of the depreciation plus a surcharge for fuel, insurance, maintenance and taxes.

The liabilities arising from maintenance and other contracts are € 26.9 million (2014: € 15.0 million), of which € 14.1 million (2014: € 8.2 million) is due within one year of the end of the year under review and € 12.8 million (2014: € 6.8 million) is due between one and five years. There are no liabilities due after five years.

At the end of the reporting year, the group had entered into investment obligations relating to data-processing equipment and software in the amount of € 2.4 million (2014: € 0.7 million).

Specifically for the insurance business's investments in private equity and infrastructure, future commitments have been entered into for an amount of in total € 7.4 million (2014: € 6.5 million).

The liabilities arising from derivatives concluded to hedge the financing of the foreign subsidiaries amount to € 88.4 million as of the balance sheet date (contract price). The liabilities have a term of less than 1 year. The contract conditions include the exchange of collateral to hedge the settlement risk.

There are a number of fiscal units at the APG Groep, specifically for corporate income and turnover tax. Within such a fiscal unit, the companies are jointly and severally responsible for each other's tax debts. The taxes are attributed to each company according to each company's share in the total tax as if the companies were independently liable for the tax.

With regard to the performance results from investments made under old mandates at a former subsidiary, a right exists to still receive payments up to and including 2015 (carried interest notes; 2015: € 0.4 million). The amount of the payments to be received is uncertain.

Notes to the consolidated profit and loss account
in thousands of euros

Net turnover

Insurance contributions (14)	2015	2014
Life insurance		
Own expense and risk	106,059	124,705
Policyholders' risk	9,060	8,912
	115,119	133,617
Non-life insurance		
Own expense and risk	138,071	127,207
Policyholders' risk	-	-
	138,071	127,207
Total	253,190	260,824

Investment results (15)

	REAL ASSETS	FIXED INCOME INVESTMENTS	OTHER INVESTMENTS	TOTAL 2015	TOTAL 2014
Dividends	14,993	-	-	14,993	23,505
Interest	-	48,644	7,264	55,908	72,443
Changes in value	10,180	-29,637	-27,512	-46,969	272,935
	25,173	19,007	-20,248	23,932	368,883
Result from financial transactions				-2,090	-1,874
Total				21,842	367,009
For own account	*16,510*	*16,796*	*-22,606*	*10,700*	*306,743*
For policyholders' risk with guarantee	*1,224*	*1,402*	*696*	*3,322*	*40,585*
For policyholders' risk without guarantee	*7,439*	*809*	*1,662*	*9,910*	*21,555*
	25,173	19,007	-20,248	23,932	368,883
Result from financial transactions				-2,090	-1,874
Total				21,842	367,009

The result from financial transactions comprises, among other things, costs relating to the purchase and sale of investments as well as currency gains/losses.

Income from services to third parties (16)	2015	2014
Pension management	254,053	266,198
Asset management	430,251	408,007
Total	684,304	674,205

Other operating income (17)

This includes realized income other than the income arising directly from the administration contracts with pension funds and asset management for third parties. This item also includes the commissions and profit sharing received from reinsurers.

Segmented information on net turnover

Net turnover	2015	2014
Asset management	435,490	413,898
Rechtenbeheer [Rights management]	256,501	314,438
Insurance business	285,969	637,979
Supporting companies	187,623	161,244
APG Group company	47,995	10,679
Eliminations	-210,984	-190,864
Total	1,002,594	1,347,374

The segmented information is mainly in accordance with the legal structure of APG Groep, whereby segmentation takes place into APG Asset Management, APG Rechtenbeheer, Loyalis and supporting services.

Operating expenses

Change in provision for insurance liabilities (18)

For an explanation of this item, see the overview of movements in the provision for insurance liabilities in the notes to the balance sheet (9).

Payments (19)

This includes the payments made to policyholders. This involves sums to be paid out for life insurance in the amount of € 256.5 million (2014: € 257.4 million) and non-life insurance in the amount of € 52.2 million (2014: € 48.1 million) less reinsured life insurance amounts totaling € 4.4 million (2014: € 6.1 million) and non-life insurance in the amount of € 4.3 million (2014: € 4.7 million).

Costs of outsourced work and other external costs (20

This item includes, among other things, the costs of hiring external personnel, auditor's costs and consultancy costs.

Personnel costs (21)	2015	2014
Wages and salaries	279,684	275,922
Pension charges	30,981	34,872
Social security charges	28,729	30,672
Other personnel costs	109,574	111,356
Total	448,968	452,822

Employee pension scheme

The pension scheme for a large number of employees is administered by Stichting Pensioenfonds ABP (ABP Pension Fund). The entitlements are accrued based on average pay and the number of years of service, with conditional indexation. The pension scheme for the majority of the remaining employees is administered by Stichting Personeels-pensioenfonds APG (independent company pension fund for APG). The entitlements are accrued based on average pay and the number of years of service, with conditional indexation. APG Group has no obligation to make additional contributions in the event of shortfalls at these pension funds other than the payment of future contributions. Based on this so-called defined contribution scheme, the company can suffice by reporting the contribution as a cost.

Specific schemes apply for most employees abroad.

Number of employees

The group employed an average of 3,482 people in 2015 (2014: 3,706), divided into the following segments.

	2015	2014
Management board and staffs	323	252
Operating units		
• Rechtenbeheer [Rights management]	1,366	1,451
• Asset management	692	677
• Insurance business	282	396
• Deelnemingen [Participations]	125	-
Supporting units	694	930
Total	3,482	3,706

The increase in the number of employees on the management board and staffs and at APG Deelnemingen is the result of a shift of employees from supporting units due to restructuring. In 2015, an average of 147 employees were employed abroad (2014: 147). These employees all work at Asset Management.

Remuneration of Supervisory Board members and Executive Board members (in euros)
The remuneration of Supervisory Board members and Executive Board members is determined by the General Meeting of Shareholders.

Supervisory Board	FIXED COMPENSATION	COMPENSATION FOR COMMITTEE MEMBERSHIP	EMPLOYER'S CHARGES AND TAXES (INCL. VAT)	TOTAL 2015	TOTAL 2014
LJCM Le Blanc	40,000	5,000	-	45,000	21,175
PJAM Jongstra RA	32,083	4,583	7,700	44,366	-
MJ van Lanschot	30,000	5,000	9,782	44,782	44,975
Ms EL Snoeij	30,000	5,000	7,350	42,350	42,350
RHLM van Boxtel	12,500	-	2,625	15,125	-
Ms CJG. Zuiderwijk	12,500	3,750	3,413	19,663	-
LC Brinkman	-	-	-	-	54,450
GMML Verhofstadt	-	-	-	-	32,250
ALM Nelissen	-	-	-	-	31,763
Ms NA Vermeulen MBA	-	-	-	-	25,687

Executive Board	DIRECT SALARIES	PERSONNEL COSTS	PENSION CHARGES	TOTAL 2015	TOTAL 2014
DM Sluimers	542,887	6,128	75,724	624,739	624,826
Ms AGZ Kemna	439,200	9,116	71,257	519,573	692,381
E van Gelderen*	550,879	9,116	75,092	635,087	215,585
M Boerekamp RA	440,064	9,116	61,069	510,249	509,224
AWIM van der Wurff**	-	-	-	-	114,023

** = From September 1, 2014*
*** = until April 1, 2014*

The column Direct salaries includes the fixed annual salary, the holiday allowance and year-end bonus. The column Personnel costs includes the employer's charges; the column Pension charges the charges for pension contributions including the fixed allowance to compensate for the reduction in pension accrual. This last component stems from a generic scheme at APG Group on the basis of which the reduction in the employer pension contribution due to the capping of pension accrual on salary up to € 100,000 accrues to the employee.

There are no early retirement schemes for the members of the Executive Board.

Mr. Sluimers stepped down as chairman of the Executive Board effective January 1, 2016 and left APG as of January 1, 2016.

Mr. Van der Wurff stepped down as a member of the Executive Board effective April 1, 2014. The salary costs continued to be paid, chargeable to the 2014 financial statements, in accordance with the applicable medical expenses scheme, along with compensation for the discontinuation of (early) retirement agreements and a severance package. These last two compensations together equal 1 annual salary for Mr. Van der Wurff. On grounds of the decision from the Maastricht District Court dated June 12, 2015 concerning Mr. Van der Wurff's departure, APG paid Mr. Van der Wurff an additional sum of € 607,000 in June 2015.

No loans, advances or guarantees have been provided to current or former members of the Executive or Supervisory Board.

Amortization and depreciation on intangible and tangible fixed assets (22)

	2015	2014
Amortization of intangible fixed assets	82,470	82,613
Amortization due to impairment	28	30
Depreciation of tangible fixed assets	7,492	8,859
Total	89,990	91,502

Other operating costs (23)

	2015	2014
Accommodation costs	35,686	32,444
Automation costs	65,310	49,094
Other	26,131	37,965
Total	127,127	119,503

The item Other includes, among other things, postage charges, office supplies, telephone charges and other tangible expenses. Currency differences in the amount of € 12.8 million (2014: € 4.7 million) are included in the item Other.

Interest income and similar income (24)

The interest income is the income realized from current accounts and deposits.

Interest charges and similar costs (25)

The financial charges are mainly interest charges on long-term liabilities. Of the interest charges and similar costs reported, € 0.7 million (2014: € 0.7 million) relates to relations with related parties.

Taxes (26)

The taxes in the consolidated profit and loss account can be specified as follows.

	2015	2014
Current period		
• current year	-61,611	-29,122
• adjustments to previous years	-149	-
Change in deferred taxes		
• temporary differences	46,288	17,393
Total	-15,472	-11,729
Effective tax burden as %	25.9%	24.5%

The change in the deferred tax assets and liabilities during 2015 relative to 2014 is mainly due to differences in the commercial and fiscal valuations of the investments of the insurance business.

The effective tax rate deviates 0.9 percentage points from the applicable tax rate of 25.0 percent. This is due to different foreign tax rates and differences between the commercial and fiscal result.

Result from participations (27)

The result from participations for 2015 concerns the share in the result of APG – ABN AMRO Pensioeninstelling NV (30 percent) in the amount of - € 0.3 million (2014: - € 0.3 million). A purchase option for the 30-percent share was agreed on with ABN AMRO. The option expires in 2017. Due to the uncertainty concerning the exercise of the purchase option by ABN AMRO, it is impossible to provide a reliable estimate as a result of which the option remains off-balance.

Notes to the consolidated cash flow statement

The cash flow statement has been prepared in accordance with the indirect method. For the composition of cash and cash equivalents, see the notes to the consolidated balance sheet.

Interest on cash is included under the interest received or paid. These items are considered as operational activities and are therefore recognized as such.

The investments relate to investments in furnishings and inventory, data-processing equipment and software.

The cash flow from financing activities includes several settlements with Stichting Pensioenfonds ABP as well as expenses arising from the financial restructuring of the group.

Other notes

Transactions with related parties

Transactions with related parties take place under market conditions.

Some of the office buildings are leased from Stichting Pensioenfonds ABP under market conditions. The total contract term is 12 years and 8 months, commencing from January 1, 2008. The costs amounted to € 8.1 million in the reporting year (2014: € 8.1 million) and will amount to € 8.2 million for 2016. The future liabilities arising from this contractual relationship are included under the lease obligations entered into as included in the category of liabilities not reported on the balance sheet.

Stichting Pensioenfonds ABP, APG Groep NV, Loyalis NV and its subsidiaries, APG Rechtenbeheer NV, APG Asset Management NV, APG Deelnemingen NV and its 100% subsidiaries (except Inotime BV and Inovita BV) and APG Diensten BV together form a fiscal unit for turnover tax. This means that the company is jointly and severally liable for the turnover tax liabilities of the fiscal unit as a whole.

With regards to corporate income tax, APG Groep NV forms a fiscal unit together with APG Deelnemingen NV and its 100% subsidiaries (except Inotime BV and Inovita BV), APG Diensten BV, APG Asset Management NV, APG Rechtenbeheer NV and Loyalis NV and its subsidiaries. This means that these legal entities are jointly and severally liable for each other's tax liabilities. The corporate income tax of the fiscal unit is attributed to each of the companies belonging to the fiscal unit according to each company's share in the total corporate income tax.

Independent auditor's fees

In 2015, the costs of PricewaterhouseCoopers, reported under 'Cost of outsourced work and other external costs' amounted to € 1.2 million for audit services (2014: € 1.1 million), € 0.5 million for audit-related services (services in connection with ISAE 3402) (2014: € 0.7 million), € 0.5 million for tax advice (2014: € 0.3 million) and € 2.3 million for other services (2014: € 2.1 million).

In 2015 PricewaterhouseCoopers charged an additional € 0.8 million for audit services (2014: € 0.8 million) in the Netherlands for the certification of reporting to clients of APG Group in the context of the services provided by APG Groep.

The auditor's fees in the context of the audit of the financial statements are the costs that are attributable to the financial statements for the financial year.

Company financial statements

Company balance sheet as at December 31, 2015 (before profit appropriation)
in thousands of euros

ASSETS	31-12-2015	31-12-2014
Fixed assets		
Intangible fixed assets (1)	38,503	56,274
Tangible fixed assets (2)	779	-
Financial fixed assets (3)	1,073,521	1,233,320
	1,112,803	1,289,594
Current assets		
Receivables, prepayments and accrued income (4)	47,298	34,740
Cash and cash equivalents(5)	296,255	143,914
	343,553	178,654
TOTAL ASSETS	1,456,356	1,468,248

LIABILITIES	31-12-2015	31-12-2014
Equity capital (6)		
Paid-up and called-up share capital	705,297	705,297
Share premium	416,380	490,414
Statutory reserves	14,132	18,936
Other reserves	29,130	22,130
Undivided result for the financial year	43,957	35,967
	1,208,896	1,272,744
Provisions (7)	53,471	14,069
Long-term liabilities (8)	23,767	23,767
Current liabilities and accrued liabilities (9)	170,222	157,668
TOTAL LIABILITIES	1,456,356	1,468,248

Company profit and loss account 2015
in thousands of euros

	2015	2014
Result from participations after taxes	69,109	52,009
Other result after taxes	-25,152	-16,042
Result after taxes	43,957	35,967

Accounting policies

The company financial statements have been drawn up in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code and the authoritative statements from the Annual Reporting Guidelines published by the Dutch Accounting Standards Board. The accounting policies for valuation and for the determination of the result for the company financial statements and the consolidated financial statements are the same. Participations in group companies are valued according to net asset value.

For the accounting policies for the valuation of assets and liabilities and for the determination of the result, see the notes to the consolidated balance sheet and profit and loss account.

Notes to the company financial statements
in thousands of euros

Fixed assets

Intangible fixed assets (1)
The intangible fixed assets include the insurance portfolio identified with the acquisition of a capital interest.

The movements in this item are as follows.

	2015	2014
Opening balance	56,274	74,045
Investments/disposals	-	-
Amortization	-17,771	-17,771
Impairments	-	-
Closing balance	38,503	56,274
Cumulative purchase value	177,707	177,707
Cumulative amortization and impairments	-139,204	-121,433
Book value	38,503	56,274
Amortization rate	10%	10%

Tangible fixed assets (2)
The tangible fixed assets comprise the furnishings and inventory in the sense of purchased art.
The movements in this item are as follows.

	2015	2014
Opening balance	-	-
Effect of restructuring	618	-
Investments	161	-
Disposals	-	-
Deprecation	-	-
Impairments	-	-
Other changes	-	-
Closing balance	779	-
Cumulative purchase value	779	-
Cumulative depreciation and impairments	-	-
Book value	779	-
Depreciation rates	n/a	

No securities have been furnished.

Financial fixed assets (3)
The item financial fixed assets concerns participations and a deferred tax asset. The movements in this item are as follows.

	2015	2014
Opening balance	1,233,320	1,221,554
Effect of restructuring	-536	-
Investments	4,310	2,800
Disposals	-	-
Result for the financial year	69,109	52,009
Dividend paid out	-234,945	-45,995
Other changes	2,263	2,952
Closing balance	1,073,521	1,233,320

The closing balance includes a deferred tax asset of € 0.2 million.

Current assets

Receivables, prepayments and accrued income (4)	31-12-2015	31-12-2014
Receivables from group companies	31,566	34,393
Other receivables and accrued income	15,732	347
Total	47,298	34,740

The receivables, prepayments and accrued income mainly relate to claims on group companies and prepaid amounts. These have a term of less than one year.
No securities have been furnished and no interest was received on the receivables.

Cash and cash equivalents(5)	31-12-2015	31-12-2014
Bank balances in current account	296,255	83,914
Deposits	-	60,000
Total	296,255	143,914

Of the cash and cash equivalents, there is none that cannot be freely disposed of (2014: € 1.3 million).

Equity capital (6)

	31-12-2015	31-12-2014
Paid-up and called-up share capital	705,297	705,297
Share premium	416,380	490,414
Statutory reserves	14,132	18,936
Other reserves	29,130	22,130
Undivided result for the financial year	43,957	35,967
	1,208,896	1,272,744

The movements in equity capital are shown in the overview below:

	PAID-UP AND CALLED-UP SHARE CAPITAL	SHARE PREMIUM	STATUTORY RESERVES	OTHER RESERVES	UNDIVIDED RESULT FOR THE FINANCIAL YEAR
Opening balance	705,297	490,414	18,936	22,130	35,967
Changes due to profit appropriation	-	-	-	35,967	-35,967
Change in statutory reserves	-	-	-7,000	7,000	-
Dividend paid out	-	-74,034	-	-35,967	-
Result for the financial year	-	-	-	-	43,957
Other changes	-	-	2,196	-	-
Closing balance	705,297	416,380	14,132	29,130	43,957

Paid-up and called-up share capital
The paid-up and called-up share capital is the capital subscribed upon incorporation of the company consisting of 650,000,000 ordinary shares, each with a nominal value of € 1. Furthermore, in 2011 upon the acquisition of the minority interests in APG Rechtenbeheer NV (previously APG Algemene Pensioen Groep NV) and Loyalis NV, 55,297,170 new ordinary shares were issued, each with a nominal value of € 1.

Share premium
The share premium paid upon incorporation, as well as the share premium paid as a result of capital contributions and withdrawals, the contribution of a subsidiary at fair value as well as share premium from the conversion of loans from shareholders into equity capital in the context of the recapitalization of APG Group were included as share contribution in previous years. In the appropriation of the 2014 result, the General Meeting of Shareholders decided to pay an additional dividend of € 74 million, chargeable to the share premium.

Statutory and other reserves
The statutory and other reserves include direct changes in capital related to the acquisition and reallocation of subsidiaries from previous years in the amount of € 9.2 million (2014: € 16.2 million). A reserve for conversion differences in the amount of € 4.5 million (2014: € 2.3 million) is also included for the foreign subsidiaries. The changes in the statutory reserve for conversion differences is reported under other changes.

Undivided result for the financial year
This includes the result for the reporting year.

Share premium, other reserves and the undivided result for the financial year can, in principle, be freely disposed of. The stipulations from regulators for group companies can result in restrictions on the extent to which the equity capital or APG Groep's equity capital may be distributed. These stipulations may require that the equity capital of group companies be at a certain level. APG Group takes the stipulations from regulators into account in determining the potential for paying dividend.

Provisions (7)

	DEFERRED TAXES	PERSONNEL-RELATED PROVISIONS	RESTRUCTURING PROVISION	TOTAL 2015	TOTAL 2014
Opening balance	14,069	-	-	14,069	19,381
Effect of legal restructuring	-	5,722	34,459	40,181	-
Allocations	-	1,721	13,504	15,225	-
Withdrawals	-	-2,307	-9,254	-11,561	-
Release	-4,443	-	-	-4,443	-5,312
Closing balance	9,626	5,136	38,709	53,471	14,069

The effect of legal restructuring concerns the integration of staffs from subsidiaries in APG Groep.
This provision for deferred taxes stems from the differing fiscal valuation of the insurance portfolio that is included under intangible fixed assets.

Long-term liabilities (8)

	2015	2014
Opening balance	23,767	23,767
Benefits	-	-
Repayments	-	-
Closing balance	23,767	23,767

Of the closing balance, an amount of € 12.9 million relates to financing by related parties (2014: € 12.9 million). An amount of € 10.9 million of the closing balance has a remaining term of more than five years. The interest rates range from 5.4 percent to 7.25 percent per annum (2014: 5.4 percent to 7.25 percent per annum). No security has been furnished. The fair value of the long-term liabilities is € 38.7 million.

Current liabilities and accrued liabilities (9)

	31-12-2015	31-12-2014
Accounts payable	688	146
Debts to group companies	142,998	144,859
Taxes and national insurance contributions	1,605	240
Liabilities in connection with pensions	126	-
Holiday pay and vacation days	2,022	-
Other personnel-related liabilities	241	-
Corporate income tax	17,217	5,720
Other liabilities	5,325	6,703
Total	170,222	157,668

The other liabilities include a currency forward contract that serves to hedge the net investment in a foreign subsidiary. The liability arising from the contract amounts to € 10.2 million (contract price) and the value on the balance sheet date is negative € 1.1 million.

No interest and/or securities apply with respect to the debts to group companies.

The increase in the personnel-related liabilities is mainly due to the integration of personnel as a result of the legal restructuring. The corporate income tax payable is the corporate income tax owed by the fiscal entity headed by APG Groep NV. To the extent applicable, this is set off with the other entities in the fiscal entity.

The current liabilities and accrued liabilities do not include any items with a remaining term of more than one year.

Liabilities and entitlements not shown on face of the balance sheet

The liabilities arising from derivatives concluded to hedge the financing of the foreign subsidiaries of APG Asset Management NV amount to € 88.4 million as of the balance sheet date (contract price). The liabilities have a term of one year. Liabilities between APG Groep NV and APG Asset Management NV directly related to this have been formalized by means of back-to-back agreements.

Comfort letters
The company has issued comfort letters for a number of subsidiaries included in the consolidation, as referred to in Article 2:403 of the Dutch Civil Code and Article 2:408 of the Dutch Civil Code. The comfort letters concern APG Diensten BV in Amsterdam, APG Rechtenbeheer NV in Heerlen, APG Deelnemingen NV in Heerlen and APG Service Partners BV in Heerlen.

Liability of fiscal entity
There are a number of fiscal units at APG Groep, specifically for corporate income and turnover tax. Within such a fiscal unit, the companies are jointly and severally responsible for each other's tax debts. The taxes are attributed to each company according to each company's share in the total tax as if the companies were independently liable for the tax. This means that each subsidiary will reimburse the parent company for its share in the tax owed prorated to each party's taxable profit before the application of the loss set-off rules as stipulated in the Corporation Tax Act.

Number of employees
APG Groep NV employed an average of 323 people in 2015 (2014: 252). The increase in the number of employees is the result of a shift of employees from group companies due to restructuring.

Remuneration of Executive Board members
For an explanation of the remuneration of Executive Board members, see the consolidated financial statements.

List of Capital Interests

The following capital interests (100% interests) are included in the consolidation:

NAME	REGISTERED OFFICE
APG Rechtenbeheer NV	Heerlen
Loyalis NV	Heerlen
• Loyalis Leven NV	Heerlen
· Loyalis Leven VRF I BV*	Heerlen
· Loyalis Leven VRF II BV*	Heerlen
• Loyalis Schade NV	Heerlen
· Loyalis Schade VRF I BV*	Heerlen
· Loyalis Schade VRF II BV*	Heerlen
• Loyalis Diensten BV	Heerlen
• Loyalis Kennis en Consult BV	Heerlen
• Loyalis Sparen & Beleggen NV	Heerlen
• Cordares Advies BV	Amsterdam
APG Asset Management NV	Amsterdam
• APG Asset Management US Inc	Delaware
· Fairfield Residential I, LLC	Delaware
· Fairfield Residential II, LLC	Delaware
• APG Investments Asia Ltd	Hong Kong
APG Diensten BV	Amsterdam
APG Deelnemingen NV	Heerlen
• Inadmin NV	Heerlen
• Cordares Vastgoed BV	Amsterdam
· Cordares Basisweg Beheer V BV	Amsterdam
• Inotime BV	Rotterdam
• Inovita BV	Rotterdam
• APG Service Partners BV	Heerlen

* Due to the restructuring at Vesteda, Loyalis Leven NV and Loyalis Schade NV have held the participations in Vesteda via a dual BV (limited liability companies) structure since February 1, 2012. No change is envisaged in a material sense. The principal reasons for the restructuring are greater transparency of the structure and simplification of the process of entry and exit by participants, thereby realizing an improvement in the liquidity of the fund.

Capital interests not included in the consolidation:

NAAM	REGISTERED OFFICE
APG – ABN AMRO Pensioeninstelling NV *(capital interest 30%, held by APG Deelnemingen NV)*	Amsterdam
Campus Heerlen Huisvesting B.V. *(capital interest 50%, held by APG Deelnemingen NV)*	Maastricht
Campus Management & Development B.V. *(capital interest 33%, held by APG Deelnemingen NV)*	Maastricht

Amsterdam, March 31, 2016

SUPERVISORY BOARD	EXECUTIVE BOARD
LJCM Le Blanc, chairman	G van Olphen RA, chairman (from March 9, 2016)
PJAM Jongstra RA, *vice chairman*	Ms AGZ Kemna
Ms EL Snoeij	M Boerekamp RA
MJ van Lanschot	E van Gelderen CFA FRM
RHLM van Boxtel	
Ms CJG Zuiderwijk	

Other information

Independent auditor's report

To: the annual general meeting and the supervisory board of APG Groep N.V.

Statement concerning the 2015 financial statements

Our opinion
In our opinion, the financial statements included in this annual report give a true and fair view of the size and composition of the assets of APG Groep N.V. as of 31 December 2015 and of the 2015 result in compliance with Title 9 Book 2 of the Dutch Civil Code (BW).

The subject of our audit
We have audited the 2015 financial statements of APG Groep N.V., Heerlen ('the company') included in this annual report. The financial statements comprise:

- the consolidated and company balance sheets as of 31 December 2015;
- the consolidated and company income statements for 2015; and
- the notes with an overview of the applied policies for financial reporting and other notes.

The system of financial reporting used to prepare the financial statements is Title 9 Book 2 of the Dutch Civil Code (BW).

The basis of our opinion
We have conducted our audit in accordance with Dutch law, which also includes the Dutch auditing standards. Our responsibilities on the basis of this are described in the section 'Our responsibilities for the audit of the financial statements'.

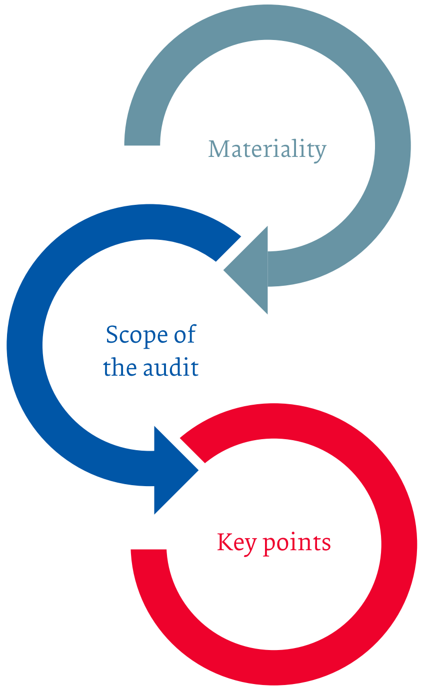
We are independent from APG Groep N.V. as required by the Regulation concerning the independence of accountants in assurance engagements (Dutch ViO) and other relevant rules of independence for the assignment in the Netherlands. We have further fulfilled the Regulation concerning the rules of conduct and professional rules for accountants (Dutch VGBA).

We find the auditing information obtained by us to be sufficient and suitable as the basis of our opinion.

Our audit approach

Summary and context
We design our audit strategy by determining the materiality and by identifying and assessing the risk of material discrepancies in the financial statements. We pay special attention to areas where management has made subjective estimates, for example significant estimates whereby assumptions are made about future events that are inherently uncertain. In all our audits we pay attention to the risk of management breaching the internal control measures, including the evaluation of risks of material discrepancies as a result of fraud on the basis of an analysis of the potential interests of management.

We have hereby taken account of the group structure, the internal controls at APG Groep N.V. and its subsidiaries, as well as the stakeholders of APG Groep N.V. The following diagram gives an outline of our audit. We ensured that the audit teams at both group and components levels have sufficient specialist knowledge and expertise to audit a pension provider. We therefore included specialists in the field of IT, taxes, actuarial work and the valuation of investments in our team.



Materiality
- Materiality: € 9.8 million, based on 1% of the total of operating revenues (less investment results).

Scope of the audit
- We undertook audit activities at four locations, i.e. Heerlen, Amsterdam, New York and Hong Kong.
- During 2015 the group team visited four locations: Amsterdam, Heerlen, New York and Hong Kong.
- In total the audit activities that we have undertaken represent 100% of the consolidated turnover, 96% of the consolidated result before taxes, and 100% of the consolidated balance sheet total.

Key items
- Valuation of goodwill, client contracts and insurance portfolio.
- Valuation of the reorganization provision.
- Classification of project expenditure as costs or as investments.
- Valuation of investments from insurance business.
- Valuation of insurance liabilities from insurance business.

Materiality
The scope of our audit is influenced by the application of materiality. The term 'material importance' is explained in the section 'Our responsibility for the audit of the financial statements'.

We determine the quantitative limits for materiality. These limits, as well as related qualitative considerations, assist us in determining the nature, timing and extent of our audit activities and in evaluating the effect of any identified discrepancies on our opinion.

On the basis of our professional opinion we have determined the materiality for the financial statements as a whole as follows:

- *Materiality for the group*
  € 9.8 million (2014: € 10.5 million).

- *How the materiality has been determined*
  1% of the total of operating revenues (less investment results).

- *The considerations for the benchmark chosen*
  We have applied this generally accepted benchmark on the basis of our analysis of the common information requirements of the users of the financial statements. We selected this benchmark because the operating revenues form a stable benchmark that is based on the collective of activities in the various participations of APG Groep N.V. The starting point is that the stakeholders of APG Groep N.V. (including members, policyholders, supervisors and shareholders) benefit from this benchmark because it is an expression of the core activities of the broader APG Groep N.V.

- *Materiality for components*
  Within the scope of our audit, each group entity is given a materiality on the basis of our assessment that is less than the materiality for the group as a whole. The materiality that we have assigned to the components was between € 123,000 and € 6,700,000. A number of components were audited with the statutory materiality on the basis of a mandatory local audit which was also less than the materiality for the group as a whole.

We also take into account discrepancies and/or possible discrepancies which are material in our opinion for qualitative reasons.

We agreed with the supervisory board that we would report any discrepancies during our audit in excess of € 488,000 (2014: € 525,000), and smaller discrepancies that in our opinion are relevant for qualitative reasons.

The scope of our group audit
APG Groep N.V. is the head of a group of entities. The financial information of this group is recorded in the consolidated financial statements of APG Groep N.V.

APG Groep N.V. has three significant components and a number of smaller components. The significant components APG Asset Management N.V., APG Rechtenbeheer N.V. and Loyalis N.V. supplemented with a number of the small components fall within the scope of our audit. The three significant components each represent a minimum of 25% of consolidated turnover and together 97% of consolidated turnover. For APG Asset Management N.V. and Loyalis N.V. the group auditor also acts as statutory auditor.

In performing these activities we have, in total, obtained the following coverage of the following financial statement items:

Turnover	100%
Balance sheet total	100%
Result before taxes	96%

We have conducted numerical analyses, etc., on the financial information of the remaining components in order to confirm our assessment that these entities do not contain any significant risks of material errors.

Where audit activities were carried out by auditors of components, we have determined the extent to which our involvement was necessary to be able to draw conclusions whether sufficient and appropriate audit information has been obtained regarding these entities for the group financial statements as a whole. We have sent the auditors of these entities instructions in order to make use of their work and attended final discussions with regard to the significant components. The group team visits the foreign components at least once every two years. In 2015 visits were made to the entities in Amsterdam, Heerlen, New York and Hong Kong.

The consolidation of the group, the notes to the financial statements and a number of complex aspects including the valuation of goodwill, client contracts and the insurance portfolio, the valuation of the reorganization provision and the classification of project expenditure as costs or as investments were audited by the group team.

Combining the above work on (group) entities with additional work at a group level provided us with sufficient and appropriate audit information with regard to the financial information of the group to give an opinion on the consolidated financial statements.

The key items of our audit
In the key items of our audit we describe matters that in our professional opinion were the most important during the audit of the financial statements. We have informed the supervisory board of the key items, but these do not form a complete representation of all risks and points that we have identified and discussed during our audit. We have described the key items including a summary of the activities conducted by us related to these points.

We have determined our audit activities with regard to these key items in the context of the audit of the financial statements as a whole. Our findings with regard to individual key items must be viewed in this context and not as separate opinions on these key items or on specific elements of the financial statements.

Key items

Valuation of goodwill, client contracts and insurance portfolio (see accounting policy (1) and note (1) on the financial statements).

The 2015 financial statements record intangible fixed assets. These intangible fixed assets consist amongst other things of goodwill (€ 193,233,000), the capitalized value of client contracts (€291,971,000) and an insurance portfolio (€ 38,503,000). These assets arose when APG Groep N.V. purchased these activities.
A large part of the goodwill forms a cash flow generating unit together with one of the client contracts and was acquired together with this client contract in one transaction. This financial statement item contains material estimated aspects with regard to the valuation and therefore is a key item of our audit.

APG Groep N.V. has determined whether there is an extraordinary value reduction. The most important assumptions made by APG Groep N.V. in this analysis are:

- The expected available cash flows from the client contract on the basis of tariff developments, the forecast development in membership numbers and the forecast development of costs for the realization of the client contract. The goodwill and the related client contract were hereby evaluated jointly.
- The expected available cash flows from the insurance portfolio on the basis of the long-term budget of the company which includes this portfolio.
- The terminal growth rate and discount rate applied.

According to the assumptions of APG Groep N.V. the discounted return is higher than the book value of the intangible fixed assets on the basis of the analysis carried out by APG Groep N.V., therefore, there are no indications of an impairment.

Our audit activities on the key items

We audited the valuation of the intangible fixed assets using the analysis as prepared by APG Groep N.V. We hereby undertook the following activities:

- Examination of the analysis prepared by management using the underlying documentation.
- Examination of the internal controls regarding the preparation of the information that forms the basis for the assumptions with regard to the financial forecasts.
- Auditing of the forecasts for the previous year using back testing on the basis of the outcomes realized by the client contract.
- Examination of the plausibility of the financial forecasts and underlying assumptions with regard to costs (using APG Groep N.V.'s business plan), membership numbers (using actuarial forecasts), the invested assets (using investment return forecasts and the balance of premiums and benefits) and turnover (using contractual agreements).
- For the insurance portfolio we cross-referenced the expected cash flows with the long-term budget and examined whether the turnover and costs included therein were reasonable using the turnover and costs accounted for in past years.
- Examination of the plausibility of the growth rate and discount rate applied.

In conclusion to our audit we examined the sensitivity of the valuation to changes in the various input variables using a stress test.

Key items

Valuation of the reorganization provision (see accounting policy (11) and note (11) on the financial statements).

Several reorganization programmes were underway within APG Groep N.V. at the end of 2015. The 2015 financial statements of APG Groep N.V. include a provision of €121.1 million (2014: € 86.4 million). This provision consists firstly of provisions of a collective nature, which are based on the reorganization plans prepared by management and assessed by the works council. Secondly, there are the individual severance arrangements. These are provisions for employees who leave the company on an individual basis. The valuation of both provisions contains estimated aspects with regard to staff where there is reasonable expectation that their contract of employment will be ended.

The reorganization plan was agreed with the works council. The most important estimated aspects in the reorganization plan are:
- For schemes of a collective nature:
  - the forecast reduction in the number of members of staff;
  - the forecast costs associated with the reduction in staff.
- For schemes of an individual nature:
  - the associated severance arrangement for the members with whom a severance arrangement is agreed: the income, years of service and the settlements.

Our audit activities on the key items

We audited the valuation of the reorganization provision using the criteria from the Guidelines for Annual Reporting in the Netherlands. We hereby undertook the following activities:

- Examination of the analysis prepared by management using the underlying documentation.
- Cross-referencing of the planned staffing reorganization in the calculation of the provision with the reorganization plans for each business unit as agreed with the works council.
- Examination of whether the relevant reorganization plans have been shared with the staff to ensure there are reasonable expectations regarding the reorganization.
- Cross-referencing of the costs associated with future reorganizations, using the estimated staffing reorganization and the underlying data from the payroll.
- Audit of the individual severance arrangements on the basis of the settlements agreed with the relevant employees.

Key items

Classification of project expenditure as costs or as investments (see accounting policy (23) and note (23) on the financial statements).

Several transformation programmes that aim to realize the strategic agenda for the future are underway within APG Groep N.V. Management has assessed the extent to which expenditure which might be considered for capitalization is involved. These considerations include estimates with regard to future costs and income which determine whether the item is an asset or a liability. These items are material.

The following criteria were hereby applied:
- the technical feasibility of defining the intangible fixed asset;
- the intention to define the intangible fixed asset and to use it or to sell it;
- the capacity to use or to sell the intangible fixed asset;
- the way in which the intangible fixed asset is likely to generate future economic benefits;
- the availability of adequate technical, financial and other means of defining the development; and
- the capacity to reliably establish expenditure during the development of the intangible fixed asset.

The most important assumptions from this list which we have examined with regard to the expected future costs and income are:

- the expected additional turnover, where this applies. It is the case that some of the projects are driven by external factors such as obligations, legislation and regulations;
- the expected cost reduction, whereby besides the decrease in salary expenses the increase in depreciation and amortization charges is also considered;
- the reliability of the estimates with regard to costs and income, taking account of what has been realized to date compared to the budget; and
- the expected payback period of the relevant projects.

These assessments are documented in analyses, whereby the various projects are described and examined using the relevant standards for financial reporting, as well as the valuation policy framework of APG Groep N.V. This analysis shows that € 56 million must be charged against the 2015 result and that the criteria for capitalization are not met. The expenditure related to the purchase of software (€ 3.3 million) has been capitalized and accounted for under intangible fixed assets.

Our audit activities on the key items

We audited the classification of the project expenditure as costs or investments by carrying out the following activities:

- Examination of the analysis prepared by management of the criteria for capitalization of project expenditure within the framework of the transformation programmes using the underlying documentation.
- Examination of the way in which the intangible fixed asset will deliver an economic benefit by means of additional income and/or cost reduction to cover expenditure and substantiating this using the business cases, cost estimates and other documentation of the projects. We hereby established that the substantiation takes account of obligations as a result of legislation and regulations.
- Examination of the reliability of the estimates with regard to costs and expected earnings using the financial and project administration and back-testing of forecasts and estimates from previous years.
- Examination of the expenditure using the underlying documentation, such as offers received, contracts concluded, invoices received, project budgets and other external sources.

Key items

Valuation of insurance business investments (see accounting policy (4) and note (4) on the financial statements).

The valuation of derivatives and unlisted investment funds is important to our audit, given that the determination of value largely depends on estimates (using various assumptions and techniques) that make use of information that is not public.

The company invests € 393 million in unlisted investment funds (including real estate and private equity funds), valued at current value, € 364 million of which being classified as Level 2 investments and € 29 million as Level 3. The valuation of these unlisted investment funds makes use of market information and non-public data.

For the derivatives item of € 34 million designated as an asset and the derivatives item of € 22 million designated as a liability, management uses valuation models focused on determining future cash flows, making use of information available on the market.

Our audit activities on the key items

We have examined the functioning of the internal control measures with regard to the valuation of derivatives and unlisted investments.

For the valuation of the unlisted investment funds, including real estate and private equity, we cross-referenced the NAV recorded in the financial administration with the statement of the asset manager. At the same time we compared the most recent financial accounting audited by an external auditor with the value as recorded in the financial administration by the company, to verify the estimation process of these asset managers.

We also assessed the ISAE 3402 type 2 report of the asset manager of these investment funds, to establish that the internal control measures have been effective in relation to these investment funds throughout 2015.

Our examination of the valuation of derivatives included looking at whether the forecast cash flows were determined in a reliable way and examined whether the data underlying the valuation are reliable.

Our PwC financial instrument valuation specialists assisted in the analysis of the assumptions and methods used for the valuation of these derivatives.
We audited the adequacy of the notes, and specifically the sensitivity analysis and the correctness and completeness of the notes on the current value hierarchy.

Key items

Valuation of insurance liabilities from insurance business (see accounting policy (6) and (9) and notes (6) and (9) on the financial statements).

The calculation of assets (€41 million) and liabilities (€ 2,948 million) from insurance contracts is complex and involves significant estimates, based on assumptions about the future demographic, economic and political situation. The assumptions for the life insurance liabilities provision (€ 2,112 million) relate amongst other things to mortality rates, survival rates, development of the portfolio of life insurances, costs and other assumptions in the liability adequacy test. In valuing the life insurance liabilities provision, account was taken of the ongoing discussion in the market about historic sales of investment insurance.

The assumptions for the non-life insurance liabilities provision (€ 836 million) relate to disaster risk, growth in the insurance portfolio and non-life insurance, risk of default, chance of recovery, future costs and other assumptions in the liability adequacy test. The valuation of the non-life insurance provision was also determined by legislation and regulations by the government, specifically for damage claims in the event of long-term disability (WGA-ERD/WIA).

The assumptions are largely based on the judgement of management. The company has extensive procedures and control measures to determine the valuation of the assets and liabilities from insurance contracts, as well as to test the liability adequacy.

The assumptions and uncertainties also relate to the reinsurance portion of the provisions (€ 41 million).

Our audit activities on the key items

We have examined the functioning of the internal control measures with regard to the valuation of the insurance liabilities obligations provision.

We have compared the assumptions and principles used by management with the data available in the market. At the same time we examined the estimates using the outcomes of the technical results during the year with the aim of gaining insight into the quality of the assumptions and policies used by management.

The outcomes of the actuarial analysis for life insurance and non-life insurance, as prepared by the company, were discussed with the external, certifying actuary, during which we critically examined the assumptions used, drawing on our actuarial experts at PwC. We hereby paid specific attention to the assumptions concerning expected future costs, mortality tables and actuarial interest for the life insurance. For non-life insurance assumptions we specifically looked at the assumptions concerning expected future costs, chances of recovery, risks of default, and actuarial interest. These procedures for non-life insurance involve actuarial projections based on claims statistics, for which we audited the basic data. For both the life insurance and the non-life insurance we examined the procedures of the company in relation to the forecast total benefits.

We established the cross-reference between the valuation in the financial statements and the actuarial report of the external, certifying actuary, both as regards the life insurance and the non-life insurance. In addition we audited both the life insurance and the non-life insurance for the adequacy of the notes about the assumptions and the sensitivity analyses.

In relation to the investment insurance, we established that compensation took place in line with agreements, e.g. those concluded with consumer organisations. We assessed the company's analysis of the potential risk of additional claims and established that sufficient account was taken of these in determining the provisions.

Our procedures also included data analysis based on policy conditions and review of identified exceptions.

Responsibilities of the board of directors and the supervisory board

The board of directors is responsible for:

- The preparation of and the true and fair view given in the financial statements, and for preparing the report of the board of directors, both in compliance with Title 9 Book 2 of the Dutch Civil Code (BW), and
- for such internal control as the board of directors deems necessary to enable preparation of the financial statements without discrepancies of material importance as a result of errors or fraud.

When preparing the financial statements the board of directors must consider whether the company is capable of continuing with its activities. On the basis of the aforementioned reporting system, the board of directors must prepare the financial statements on the basis of the assumption of continuity, unless the board of directors intends to liquidate the company or terminate business activities or if termination is the sole realistic option. The board of directors must explain in the financial statements any events and circumstances that would give reasonable doubt about whether the company can continue with its business activities.

The supervisory board is responsible for exercising supervision on the company's process of financial reporting.

Our responsibility for the audit of the financial statements

Our responsibility is to plan and conduct an audit assignment in such a manner that we acquire thereby sufficient and suitable audit information for the opinion to be issued by us. Our audit opinion aims to provide a reasonable degree of certainty that the financial statements do not contain any discrepancies of material importance. A reasonable degree of certainty is a high but not an absolute degree of certainty, so it is possible that we do not find every discrepancy during our audit. Inaccuracies can arise as a result of fraud or errors and are material if it can be reasonably expected that these, individually or jointly, can have an impact on the economic decisions that users take on the basis of these financial statements.

A more detailed description of our responsibilities is included in the appendix to our report.

STATEMENT CONCERNING OTHER REQUIREMENTS SET OUT BY LEGISLATION AND REGULATIONS

Statement concerning the report of the board of directors and the other information

We state on the basis of the statutory obligations under Title 9 Book 2 of the Dutch Civil Code (BW) (concerning our responsibility to report on the report of the board of directors and the other information):

- that as a result of our examination we have, to the extent we can assess, found no deficiencies as to whether the report of the board of directors was prepared in compliance with Title 9 Book 2 of the Dutch Civil Code (BW), and whether the other information required under Title 9 Book 2 of the Dutch Civil Code (BW) is included;
- that, to the extent we can assess, the report of the board of directors is consistent with the financial statements.

Our appointment

We were appointed auditor of APG Groep N.V. on 22 December 2008 by the board of directors and this has been reaffirmed annually by the annual general meeting. We have now been the auditor of the company for an uninterrupted period of eight years.

Rotterdam, 31 March 2016
PricewaterhouseCoopers Accountants N.V.

Originally signed by:
Ms S Barendregt-Roojers RA

APPENDIX TO OUR AUDITOR'S REPORT ON THE 2015 FINANCIAL STATEMENTS OF APG GROEP N.V.

In addition to what is stated in our audit opinion, we have in this appendix further set out our responsibilities for the audit of the financial statements and explained what the audit entails.

The responsibilities of the auditor for the audit of the financial statements

We have conducted this accounting audit in a professionally critical manner and where relevant used our professional judgement in accordance with the Dutch auditing standards, ethical regulations and the requirements for independence. Our objective is to acquire a reasonable measure of certainty that the financial statements are free of material inaccuracies as a result of errors or fraud. Our audit comprised inter alia:

- the identification and assessment of the risks that the financial statements contain discrepancies of material importance as a result of fraud, determining and performing audit activities in response to these risks, and obtaining audit information that is sufficient and suitable as the basis for our opinion. The risk that a material discrepancy is not discovered is greater in the event of fraud than in the event of errors. In the event of fraud, there can be conspiracy, forgery of documents, intentional failure to record transactions, intentional false representation of matters, or the breach of internal controls;
- acquiring insight into the internal controls, which is relevant to the audit with the objective of selecting audit activities that suit the circumstances. These activities are not intended to express an opinion on the effectiveness of the internal controls of the entity;
- the evaluation of the suitability of the policies used for financial reporting and the evaluation of the reasonableness of the estimates made by the board of directors and the notes related to this in the financial statements;
- the determination that the going concern assumption applied by the board of directors is acceptable. Also, on the basis of the acquired audit information establishing if there are events and circumstances as a result of which there could be reasonable doubt whether the entity can continue with its business activities. If we conclude that there is uncertainty of material importance we are obliged to focus our attention in our audit opinion on the relevant notes in the financial statements related to this. If the notes are inadequate we must adjust our opinion. Our conclusions are based on the audit information received up to the date of our audit opinion. Future events or circumstances may however result in a company no longer being capable of continuing to operate;
- the evaluation of the presentation and contents of the financial statements and the notes included therein, and the evaluation of whether the financial statements give a true and fair view of the underlying transactions and events.

Given our final responsibility for the opinion, we are responsible for the direction, the supervision and the performance of the group audit. Within this framework we determined the nature and scope of the work done for the components in order to guarantee that we did sufficient audit work to be able to give an opinion on the financial statements as a whole. This was determined by the geographic structure of the group, the scope and/or risk profile of the components or activities, the operational processes and internal control measures and the sector in which the company operates. Based on this we selected the components for which an audit or assessment of the financial information or specific items was necessary.

We consult with the supervisory board inter alia regarding the planned scope and timing of the audit and regarding the significant findings that appear from our audit, including any significant deficiencies in the internal controls.

We determine the key items of our audit of the financial statements from all the matters that we have discussed with the supervisory board. We describe these matters in our audit opinion, unless this is prohibited by legislation or regulations or in exceptionally rare circumstances when not stating is in the interest of social and economic life.

Profit appropriation scheme under the Articles of Incorporation

The profit appropriation takes place in accordance with article 36 of the Articles of Incorporation. This article stipulates that APG Groep NV can only distribute profit insofar as the equity capital exceeds the paid-up and called-up portion of its capital, increased by the reserves that must be maintained pursuant to law.

Proposal for the appropriation of the result

A proposal will be submitted to the General Meeting of Shareholders that the result for the year under review in the amount of € 44.0 million be paid out as dividend.

Events after the balance sheet date

On March 31, 2016, the 30-percent share in the APG – ABN AMRO Pensioeninstelling NV was sold to ABN AMRO.

No events with significant financial consequences for the legal entity and its group companies occurred after the balance sheet date.

Personal details

This section includes the personal details of the members of the Supervisory Board and the Executive Board, specifying their principal and relevant ancillary positions. The composition of the Works Council is also included.

Members of the Supervisory Board

LJCM Le Blanc (1946), *chairman*
Most important ancillary positions:
- Senior Partner, Andreas Capital Group S.A., Luxembourg
- Chairman Investment Committee United Nations, Office for Project Services (UN-OPS), Copenhagen/ New York
- Member of the supervisory board at ETC Nederland BV
- Member of the board at Stichting Instituut GAK

Nationality: Dutch
First appointment: July 22, 2014
Committee memberships: Remuneration and Selection Committee, proposed member of the AMTC Committee

PJAM Jongstra RA (1956), *vice chairman*
Most important ancillary positions:
- Chairman of the Netherlands Institute of Chartered Accountants (NBA)
- Member of the board of Talent naar de Top [Talent to the Top]
- Member of the board and treasurer of Stichting Ondersteuning Nederlandse Bachvereniging [Dutch Bach Association Support Foundation]
- Treasurer and jury member of Koning Willem I Stichting [King Willem I Foundation]
- Treasurer of Stichting voor de Jaarverslaggeving [Foundation for Annual Reporting]

Nationality: Dutch
First appointment: February 4, 2015
Committee memberships: chairman of the Audit and Risk Committee and chairman of the Corporate Governance Committee

Ms EL Snoeij (1956)
Most important ancillary positions:
- Member of the Committee for advice and referrals for Whistleblowers
- Member of the board at KPN pension fund (executive)
- Chairman of the supervisory board at PnoMedia pension fund
- Chairman of the supervisory board at PMA pension fund
- Independent chairman of the Steering Committee for long-term care
- Chairman of the supervisory board of Stichting Waarborgfonds en Kenniscentrum Ruimte-OK [Guarantee Fund and Knowledge Center for Childcare and Education Foundation]
- AGFA Committee (Advisory committee on fundamental rights and professional duties of public servants) and the AMAR Committee at CAOP (General Military Regulations)
- Board member at Stichting Expertisecentrum ETV.NL [Expertise Center ETV.nl]

Nationality: Dutch
First appointment: April 26, 2012
Committee memberships: chairman of the Remuneration and Selection Committee and member of the Corporate Governance Committee

MJ van Lanschot (1952)
Most important ancillary positions:
- Chief financial officer at TropIQ Health Sciences BV
- Managing director Landgoed Zwijnsbergen BV

Nationality: Dutch
First appointment: May 15, 2013
Committee memberships: Audit and Risk Committee and proposed chairman of AMTC Committee

RHLM van Boxtel (1954)
Most important ancillary positions:
- President-director NS (interim)
- Chairman of the supervisory board at Museum De Fundatie
- Chairman of Stichting Geschiedschrijving Gorinchem [Gorinchem Historiography Foundation]
- Member of the board at VUmc Alzheimerstichting [VU Medical Center Alzheimer Foundation]
- Member of the advisory board at ECP
- Member of General Members' Meeting of Ajax

Nationality: Dutch
First appointment: July 16, 2015
Committee memberships: Corporate Governance Committee

Ms CJG Zuiderwijk (1962)
Most important ancillary positions:
- Chairman of the board at the Chamber of Commerce
- Member of the supervisory board at KPN NV
- Board member at PubliQ
- Member of the advisory committee for the Haarlemmermeer municipality recommendation committee
- Board member and jury member of Koning Willem I Stichting [King Willem I Foundation]
- Member of Forum Smart Industry

Nationality: Dutch
First appointment: July 27, 2015
Committee memberships: Audit and Risk Committee and Remuneration and Selection Committee

Members of the Executive Board

G van Olphen RA (1962)
Principal position: chairman of the Executive Board
Ancillary positions:
- Member of the supervisory board of Hartstichting [Heart Foundation]

Nationality: Dutch
First appointment: March 9, 2016

Ms AGZ Kemna (1957)
Principal position: member of the Executive Board/CFRO
Ancillary positions:
- Chairman of the supervisory board of Yellow & Blue
- Member of the board of Duisenberg School of Finance
- Non-executive director at Railpen Investment Board
- Member of the executive committee of Child & Youth Finance International
- Member of the Accountancy Monitoring Committee

Nationality: Dutch
First appointment: November 1, 2009
Second appointment: November 1, 2013

M Boerekamp RA (1970)
Principal position: member of the Executive Board/COO
Ancillary positons:
- Managing director at De Beuk Holding BV
- Member of the board at LED (Limburg Economic Development)

Nationality: Dutch
First appointment: February 1, 2012
Second appointment: February 1, 2016

E van Gelderen CFA FRM (1965)
Principal position: member of the Executive Board/CIO
Ancillary positions:
- Chairman of the Investment Committee at the GAK Institute
- Member of the supervisory board at Triple Jump
- Chairman of Conspect Trust (trust office)
- Member of the advisory council at 'AQR Institute of Asset Management' London Business School

Nationality: Dutch
First appointment: September 1, 2014

Composition of the Works Council

- MR Kleijer
- LHA Adams *(secretary)*
- RMJ Lavalle
- PLJ Brouns *(chairman)*
- JJ Porebski
- H Bijma RBA RO
- H Rijksen *(vice-chairman)*
- LA Cramer
- A Smeets
- HACJ Dabekaussen EMFC RC *(vice chairman)*
- F Tajjiou *(deputy secretary)*
- HBJ van Eijsden
- Ms CTHM Voss-Martinow
- LCJ Eskens
- MMM Widdershoven
- PJ Geurts BSc
- HR Wieringa
- AH de Heus

MORE INFORMATION

APG

Group Communications & Branding
group.communications@apg.nl
T: +31 (0)20 583 35 10
www.apg.nl

40.0804.16

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