Good result, strong financial position maintained

- Net profit rises to €453 million (2011: -€208 million)
- Profit before tax from regular activities increases to €462 million (2011: €51 million)
- Gross written premiums up to €20.4 billion, supported by De Friesland Zorgverzekeraar
- Financial position remains strong, solvency ratio insurance entities (IGD) 209%

Willem van Duin, chairman of the Executive Board comments:

"We succeeded in delivering a solid net profit of €453 million in 2012, despite the ongoing challenging economic conditions. Our business units across the Group returned satisfactory results. Our structurally prudent risk policy, appropriate for a cooperative insurer, contributed significantly to our ability to maintain a strong capital position and, consequently, retain our good credit rating. As a company, we can be proud of this achievement.

During 2012 we continued to implement our long-term strategy to provide our customers with the best available insurance. The many adjustments we have made to our organisation to make it less complex and more customer oriented began to pay off. Although we accelerated investments in innovation and strengthened our commercial capabilities, we are not yet where we want to be. The customer wants to be served in a different way, which is why we are continually adapting our methods and distribution channels. Complexity reduction and investments in customer orientation should lead to a further strengthening of our market position, and in the coming period efficiency increases and cost savings remain high on our agenda. We have set a target for a €200 million reduction of costs to be achieved by the end of 2015.

Of our total premium income in 2012, we returned over €18 billion to customers to cover healthcare costs, damages, pensions and life insurance. Whether it is in non-life, health or life insurance, our cooperative background helps us provide our policyholders with stability, while our healthy financial position enables us to keep our promises to customers today and into the future."

ANNOUNCEMENT OF 2012 RESULTS ON 27 FEBRUARY 2013

A press conference will be held at Achmea's head office, Handelsweg 2, Zeist at 11:00 CET.
A conference call for analysts starts at 14:00 CET.
Please dial + 31 20 53 15 870.
More details can be found on Achmea's website: www.achmea.com.

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Achmea's Annual Accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU'). In preparing the financial information in this document, the same valuation principles are applied as in the 2011 Achmea Group Annual Accounts. The Financial statements for 2012 are in progress and may be subject to adjustments from subsequent events.
All figures in this document are unaudited.

Note: because of rounding, numbers may not add up.

Group Performance

GROUP DEVELOPMENTS

Over the course of 2012, we continued to invest in our company and our products to make them more efficient and customer-oriented. The ongoing challenging economic and social circumstances mean that operationally we need to adapt to shifting market circumstances more quickly. At the beginning of the year we rearranged the way we develop and administer our products. We now have product divisions with strong product capabilities and distribution divisions that are committed to a specific channel or customer group. Our front-line business units were the focus of considerable investment in 2012, and this will remain so in the coming years. We aim to grow our commercial vigour, for example by introducing more dynamic pricing capabilities to our insurance products.

Strengthened business portfolio

We continued to strengthen our market position, supported by health insurer De Friesland Zorgverzekeraar. In the second half of 2012 we announced the acquisition of OVO, a Dutch specialist liability and fraud insurer, and the acquisition of Friesland Bank Assurantiën, one of the 25 largest insurance intermediaries in the Netherlands, following Rabobank's acquisition of Friesland Bank. During the year we also saw the first effects of our collaboration with Independer.nl. We use the acquired knowledge of consumer preferences and behaviour to make our insurance products even more client-focused.

In the first half of 2012, we completed the divestment of Achmea Vitale, as its activities were not key to the Group's business. In January 2013, we agreed to sell our life and pension insurance portfolio in Romania. This transaction is part of our strategic focus of investing in companies that show considerable scale and opportunity for our core competences.

During the course of the year we decided to separate our closed life book and create a dedicated organisational entity. This has been in place since the start of 2013, with the aim of maintaining value at the lowest possible cost, while ensuring customers remain well served. At the start of 2013, we merged our health insurance brands ProLife and DVZ, while maintaining a high level of customer service.

Strong financial position

A healthy financial basis is a prerequisite to fulfill the promises we make to our customers today and in the future. In 2012, our solvency position remained strong and we returned solid financial results, both of which help guarantee our continuity and ability to continue to serve our customers going forward. The maintenance of the A+ credit rating for our insurance entities by S&P early in 2013 is confirmation of our strong financial position. In July 2012, Achmea Hypotheekbank successfully refinanced its mortgage portfolio through the sale of almost €800 million of residential mortgage-backed securities. In October, Achmea Hypotheekbank also successfully completed the first issuance of €500 million of senior unsecured notes. During the year, we closed a new €750 million revolving credit facility.

Cooperative background

As an organisation with a cooperative background, social engagement is part of our identity, which is why we are establishing a variety of dialogue channels with society. Following on from the Achlum Convention, in 2012 we set up 'Volgens Nederland' ('Holland says'), a project that will use a series of debates to connect with society on issues that are relevant for the company, our customers and society in general.

We view social responsibility as being key to realising our ambition of being the most trusted insurer. In 2012, we signed the Principles for Sustainable Insurance (PSI) of the United Nations. Last year we extended the environmental, social, and governance (ESG) integration of our investment portfolio. Furthermore, in 2012 we were ranked first among financial service providers in the annual Transparency Benchmark research as performed by the Dutch government. Despite the increased demands on accessibility and speed of claims handling, eleven of our brands held the Keurmerk Klantgericht Verzekeren (customer oriented insurance quality mark) in 2012.

Good employership remains very important to us, as our people ultimately make our company and are there to deliver first-class customer service. We were ranked second in an annual employers satisfaction survey carried out by Dutch daily newspaper NRC Handelsblad, while the results of our annual Employee Engagement Survey hit an all-time high in 2012.

Changes in Executive and Supervisory Board

In 2012, chairman of the Supervisory Board Mr. Arnold Walravens and Supervisory Board member Mr. Flip Buurmeijer stood down. At the beginning of 2013, Mr. Henk Slijkhuis indicated that he will stand down from the Supervisory Board at the General Meeting of Shareholders in March. Ms. Lineke Sneller was appointed to the Supervisory Board in January, and Achmea extends her a warm welcome. In 2012, Mr. Thomas van Rijckevorsel stood down from the Executive Board and Mr. Gerard van Olphen stood down in February 2013. We thank all for the contributions they have made to the Group.

Group Performance

KEY FIGURES

€ MILLION

RESULTS	2012	2011	Δ	H2 2012	H2 2011	Δ
Gross written premiums	20,445	19,650	4%	8,976	8,694	3%
Investment income including associates	1,688	2,024	-17%	637	1,953	-67%
Fee and commission income	442	465	-5%	216	241	-10%
Other income	2,682	1,059	153%	2,256	1,922	17%
Total income	**25,257**	**23,198**	**9%**	**12,085**	**12,810**	**-6%**
Claims and movements in insurance liabilities	20,910	19,255	9%	9,847	11,009	-11%
Operating expenses	3,024	3,031	0%	1,560	1,491	5%
Other expenses	911	1,159	-21%	422	741	-43%
Total expenses	**24,845**	**23,445**	**6%**	**11,829**	**13,241**	**-11%**
Profit before tax	412	-247	n.m.	256	-431	n.m.
Net profit	**453**	**-208**	**n.m.**	**253**	**-388**	**n.m.**

BALANCE SHEET	31-12-2012	31-12-2011	Δ
Total assets	94,817	92,313	3%
Total equity	10,374	9,775	6%

SOLVENCY	31-12-2012	31-12-2011	Δ
Regulatory solvency ratio Group (FCD)	207%	204 %	3%-pts
Regulatory solvency ratio insurance entities (IGD)	209%	208 %	1%-pts

FTES	31-12-2012	31-12-2011	Δ
FTEs (internal)	18,905	19,490	-3%

n.m.: not meaningful

FINANCIAL RESULTS

Group results

Achmea delivered a robust performance in 2012, posting a net profit of €453 million (2011: -€208 million) despite continually shifting market and economic circumstances. Operating conditions remained challenging. Financial markets remained volatile, especially in the first half of the year, and we continued to witness a rapidly changing market environment. Slowing the pace at which healthcare costs rise is a focal point for politicians, consumers and the industry, while the challenging economic climate has impacted the Dutch housing market, reducing mortgage sales and subsequently the demand for life products. At the same time, customer interaction is changing, with many now choosing to interact with us through a variety of different media.

Amid this turbulence we continued to successfully implement our cost and complexity reduction programmes, while also investing heavily in innovation and in further strengthening our organisation, for example through investments in continuing to optimise health care procurement, developing commercial capabilities and separating our closed life book.

Profit before tax was €412 million (2011: -€247 million). While we recorded continued solid results in our Dutch Non-life and Health businesses, the profitability of our Pension & Life Netherlands business increased significantly, positively affected by higher investment income. Profit before tax was negatively impacted by an additional provision of €180 million (2011: €171 million) for our long-term disability product WGA. The divestments of Achmea Vitale and Eureko Romania had a negative impact of €50 million, resulting in a profit before tax from regular activities of €462 million (2011: €51 million). Net profit came in at €453 million (2011: -€208 million). The aggregate tax benefit is the result of the tax exemption for health insurance activities and changes in our tax position.

€ MILLION

PROFIT BEFORE TAX	2012	2011	Δ
Profit before tax	**412**	**-247**	**659**
Mergers and divestments	50	-95	
Goodwill impairment on Pension & Life activities		279	
Impairment on Greek Government Bonds		114	
Profit before tax from regular activities	**462**	**51**	**411**

To increase the comparability of our regulatory solvency in the market, in the first half of 2012 we switched from using the Euro swap curve for discounting liabilities for purposes of the regulatory liability adequacy test to using the ECB AAA curve. Our solvency position remained strong, with a regulatory solvency ratio for our insurance entities (IGD) of 209% (2011: 208%). The high quality of our capital remains notable, and we maintained our low-risk profile, which is again reflected in our conservative investment portfolio. The unique combination of our cooperative profile, strong market position, robust balance sheet and conservative pricing and investment policies put us in a good position for the future.

Results per segment

Profit before tax at our Non-life Netherlands business decreased by 37% to €207 million (2011: €329 million). Results were negatively impacted by investments in the new IT architecture for Property & Casualty, higher claims in both Property & Casualty and Income Protection, and the sale of Achmea Vitale in the first half of the year. Profit before tax was also heavily impacted by the additional provision of €180 million for our long-term disability product WGA (2011: €171 million). The combined ratio of our Dutch Non-life business is a very sound 94.0% (2011: 90.6%) if corrected for the additional provision for WGA. The unadjusted combined ratio is 99.6% (2011: 96.1%).

On a comparable basis, profit before tax at our Health Netherlands business decreased by 5% to €286 million (2011: €301 million). The first-time consolidation of DFZ added an additional €53 million to our result. The decrease was due to the one-off allocation of expenses related to holding services rendered in previous years. Our Basic Health operation in the Netherlands is a stable, low-margin business where scale remains the key driver of our success. Operationally, our Dutch Health business performed satisfactorily with a combined ratio of 98.0% (2011: 98.9%) at Basic Health and 95.1% (2011: 94.7%) at Supplementary Health.

Profit before tax at our Pension & Life Netherlands business increased significantly to €381 million (2011: -€181 million. The 2011 results were negatively impacted by the €279 million goodwill write-down related to the life and pension business). Profit before tax was positively affected by higher investment income, mainly due to lower credit spreads. It was also positively affected by a switch in the discount rate used for measuring the liabilities related to certain insurance portfolios. The application of the ultimate forward rate (UFR) in determination of the discount rate is in anticipation of the discount rate to be used for Solvency II.

Profit before tax at our International business decreased by 19% to -€83 million (2011: -€70 million), mainly due to a number of one-offs, including restructuring costs, provisions and write-offs connected to our Romanian operations. Corrected for one-offs and divestments, profit before tax was -€14 million (2011: €8 million, corrected for the sale of Avéro Belgium, the impairment on Greek government bonds and extra reserve releases).

Gross written premiums

Gross written premiums increased by 4% to €20,445 million (2011: €19,650 million). The main reason for this increase was the addition of €1,212 million in gross written premiums following the consolidation of DFZ. Corrected for this, gross written premiums decreased by 2% to €19,233 million, mainly due to lower contributions from the risk equalisation fund at our Dutch Basic Health business. At Non-life Netherlands, premiums were almost stable, with an increase in Property & Casualty premiums compensating for a decrease in Income Protection premiums related to disability and absenteeism products. At Pension & Life Netherlands, premiums were lower, mainly due to the challenging Dutch housing and mortgage market and competition from bank savings products. Premiums at our International business decreased as a result of our aim to only write profitable contracts, local market contractions and negative currency effects.

Expenses

Over the course of 2012, we continued to successfully implement our cost and complexity reduction programmes, while continuing to invest in innovations and the further strengthening of our organisation. We invested heavily in continuing to optimise health care procurement, in developing dynamic pricing and commercial capabilities and in ongoing improvement of our IT infrastructure. Continuing efficiency improvements, driven by accelerated cost reduction goals, remain high on our agenda going forward. For the coming period we have set a target for a €200 million reduction of gross operating expenses to be achieved by the end of 2015.

Over the reporting year, gross operating expenses decreased by 2% to €2,694 million (2011: €2,736 million) if corrected for M&A activity, restructuring programmes, provisions for vacant buildings and other non-recurring items. Total operating expenses (gross operating expenses corrected for acquisition costs and allocation to claim handling) were stable at €3,024 million (2011: €3,031 million), with higher acquisition costs offset by lower management costs. Corrected for M&A activity, total operating expenses decreased by 1% to €2,936 million (2011: €2,974 million).

We saw a 3% reduction in the number of internal FTEs in 2012, from 19,490 at year-end 2011 to 18,905 at year-end 2012. This resulted in reduced personnel expenses. Corrected for M&A activity, the reduction in the number of internal FTEs in 2012 would also have been around the same 3%.

CAPITAL MANAGEMENT

Development of Total Equity

At the end of 2012, Total Equity was €10,374 million, a €599 million increase compared to year-end 2011. This was primarily due to the net profit of €453 million and the increase of the revaluation reserve of €205 million. We benefitted from lower interest rates, which had a positive impact on the valuation of the fixed income portfolio. The unrealised investment results that cover obligations towards our policyholders are set-aside in a fund for future appropriation, which is part of the insurance liabilities. In 2012, this reserve, held for the good of our policyholders, increased by €711 million to around €3.3 billion. Dividend payments on preference shares and coupon payments on hybrid capital amounted to €106 million.

Achmea will propose to the General Meeting of Shareholders the pay out of a final dividend of €167 million on the ordinary shares (€0.42 per ordinary share).

DEVELOPMENT OF TOTAL EQUITY

	€ MILLION
Total Equity 31-12-2011	**9,775**
Net profit	453
Dividends and coupon payments to holders of equity instruments	-106
Revaluation of equity and fixed income portfolio	205
FX reserves	26
Other	21
Total Equity 31-12-2012	**10,374**

SOLVENCY

Solvency I

At year-end 2012, Group solvency was higher at 207% (2011: 204%). Available capital increased by €609 million to €9,046 million, while required capital increased by €251 million to €4,380 million. The increase in available capital is partly explained by the change in the assumptions regarding the risk-free discount rate and changes in parameters in performing the liability adequacy test. To increase the comparability of the regulatory solvency in the market, we decided to change the discount rate at which liabilities of our Dutch business are discounted for purposes of the regulatory liability adequacy test. We switched from the Euro swap curve to the ECB AAA curve in the first half of the year. On 2 July 2012, the Dutch Central Bank (DNB) announced that, effective 30 June 2012, insurers should adjust the method for extrapolating the interest rate curve using an Ultimate Forward Rate (UFR), which is set at 4.2%, to be reached in 40 years from the point of 20 years. Available capital also increased due to the net profit over 2012, while it was negatively impacted by goodwill related to business combinations. Required capital increased primarily because of the DNB's increased solvency requirements from 9% to 11% for the Dutch basic health insurance.

Our solvency position based on the Insurance Group Directive (i.e. excluding banking operations) increased to 209% at year-end 2012 (year-end 2011: 208%). Available capital increased by €650 million to €8,323 million, while required capital increased by €289 million to €3,985 million. The core Tier 1 ratios of Achmea Bank Holding and Staalbankiers improved to 14.2% (year-end 2011: 12.4%) and 14.0% (2011: 13.1%) respectively.

SOLVENCY	31-12-2012	31-12-2011	Δ
Regulatory solvency ratio Group (FCD)	207%	204 %	3%-pts
Regulatory solvency ratio insurance entities (IGD)	209%	208 %	1%-pts

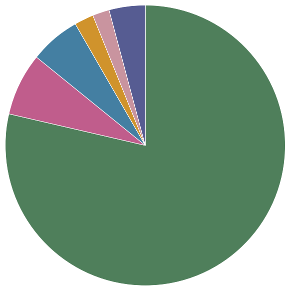
Solvency II

At the request of the DNB, we participated in the parallel run 2011 to ascertain our capital position for the years 2011 and 2012 based on Solvency II principles. The specifications of the parallel run are based on the QIS 5 specifications and the latest draft Level 2 implementing measures. The main outcomes of the parallel run are that compared to earlier quantitative impact studies both available capital and required capital increase, resulting in a year-end 2011 Solvency II ratio at Group level of 221% of the Solvency Capital Requirement (2010: 205%). These outcomes reconfirm our strong solvency position under current envisaged Solvency II legislation.

INVESTMENT PORTFOLIO

TOTAL INVESTMENT PORTFOLIO 31 DECEMBER 2012 (€43.2 BILLION)

FIXED INCOME	78%
DEPOSITS	7%
DERIVATIVES	6%
EQUITIES	2%
ALTERNATIVES	2%
REAL ESTATE	4%
OTHER	0%



Our total investment portfolio amounts to €68.1 billion. We bear the investment risk on 63% of the total portfolio, while customers bear the risk on the remainder of the investment portfolio, which amounts to €25.0 billion or 37% of the total investments. Our own-risk investment portfolio increased by 2% to €43.2 billion (year-end 2011: €42.4 billion). In addition to our total investment portfolio, we have a negligible amount invested in associates (€92 million).

In 2012, the fixed-income portfolio increased by 5% to €33.9 billion (year-end 2011: €32.2 billion). The majority of the fixed-income investments (64% or €21.8 billion at year-end 2012 against 72% or €23.1 billion at year-end 2011) are invested in government bonds, government related bonds or government guaranteed bonds. These government bonds are predominantly Dutch, German and French. In 2012, we shifted around 10% or €2.0 billion of our Dutch, German and French government bonds to low-risk corporate bonds. These low-risk corporate bonds are issued by investment-grade companies with low levels of leverage and low probability of default. By selecting bonds with relatively short maturities and relatively high seniorities, we aim to limit mark-to-market volatility (volatility resulting from fair value accounting) substantially. This switch yielded a positive return in 2012.

At the end of 2012, our sovereign exposure to GIIPS countries (Greece, Ireland, Italy, Portugal and Spain) amounted to €668 million (year-end 2011: €580 million) or only 2.0% (year-end 2011: 1.8%) of our fixed income portfolio. Our exposure to Greece (€11 million) and Ireland (€511 million) relates exclusively to our business activities there. The increase in our position was the result of positive market developments.

Our equity portfolio was higher at €948 million (year-end 2011: €763 million) or 2.2% of our own investment portfolio. Our portfolio of alternative products, such as private equity, hedge funds, infrastructure and commodities, was higher at €1.0 billion (year-end 2011: €0.9 billion) or 2.0% of our own investment portfolio.

Our real estate portfolio amounted to €1.6 billion (year-end 2011: €1.7 billion) or 4% of our own investment portfolio. The real estate portfolio consists of €0.4 billion of indirect real estate and €1.2 billion of direct real estate. The direct real estate portfolio consists of 36% residential, 30% offices, 28% retail and 6% other real estate. The real estate market in the Netherlands is sluggish, and this is especially the case for the office market. We have a prudent approach to valuing our real estate portfolio. On a quarterly basis we perform a full valuation of 25% of our portfolio and a review of the remaining 75%. This means that over the course of a year we value our entire real estate portfolio. This is a very prudent approach, which offers us a very clear indication of the current value of our portfolio in these adverse market conditions. In 2012, we took revaluations of €76 million (2011: €77 million), mainly on the office market.

Achmea annual results 2012 in detail

Non-life Netherlands

- Combined ratio Non-life Netherlands remains solid at 99.6% (2011: 96.1%)
- Gross written premiums virtually stable at €3,151 million (2011: €3,176 million)
- Additional provision for our long-term disability insurance of €180 million (2011: €171 million)

€ MILLION

RESULTS	2012	2011	Δ	H2 2012	H2 2011	Δ
Gross written premiums	3,151	3,176	-1%	1,137	1,162	-2%
Operating expenses	864	917	-6%	421	445	-5%
Profit before tax	**207**	**329**	**-37%**	**125**	**119**	**5%**

KEY FIGURES	2012	2011	Δ	H2 2012	H2 2011	Δ
Claims ratio	72.9%	69.7%	3.2%-pts	75.7%	73.3%	2.4%-pts
Expense ratio	26.7%	26.4%	0.3%-pts	28.1%	27.3%	0.8%-pts
Combined ratio	**99.6%**	**96.1%**	**3.5%-pts**	**103.8%**	**100.6%**	**3.2%-pts**

KEY FIGURES PROPERTY & CASUALTY	2012	2011	Δ	H2 2012	H2 2011	Δ
Claims ratio	62.7%	59.5%	3.2%-pts	61.9%	56.1%	5.8%-pts
Expense ratio	26.8%	26.4%	0.4%-pts	26.9%	27.4%	-0.5%-pts
Combined ratio	**89.5%**	**85.9%**	**3.6%-pts**	**88.8%**	**83.5%**	**5.3%-pts**

KEY FIGURES INCOME PROTECTION	2012	2011	Δ	H2 2012	H2 2011	Δ
Claims ratio	113.1%	109.4%	3.7%-pts	115.4%	144.7%	-29.3%-pts
Expense ratio	26.4%	26.5%	-0.1%-pts	33.5%	27.0%	6.5%-pts
Combined ratio	**139.5%**	**135.9%**	**3.6%-pts**	**148.9%**	**171.7%**	**22.8%-pts**

	31-12-2012	31-12-2011	Δ
Regulatory solvency ratio	280%	245%	35%-pts

n.m.: not meaningful

GENERAL

Non-life insurance is one of our core businesses, and we remain focused on developing our Non-life operations in the Netherlands through direct and banking channels. In the Netherlands, we are market leader in Property & Casualty with a market share of 19% and number two in income protection, also with a market share of 19%.

Results

The non-life insurance market in the Netherlands is saturated and highly competitive, with price often the decisive factor in customers' decision making. In 2012, our gross written premiums were €3,151 million (2011: €3,176 million). Higher premiums in Property & Casualty due to an increase in fire and general liability insurance were offset by lower premiums in our Income Protection business.

Profit before tax decreased to €207 million (2011: €329 million). This was mainly due to investments in the new IT architecture for Property & Casualty, higher claims and lower releases of provisions compared to 2011 and costs of €33 million related to the sale of Achmea Vitale in the first half of 2012. Profit before tax was also heavily impacted by the additional provision of €180 million (2011: €171 million) on our long-term disability product within Income Protection.

Operating expenses decreased by 6% to €864 million (2011: €917 million). Investments in the new IT architecture and higher marketing expenses in Property & Casualty were more than offset by ongoing cost reductions and the sale of Achmea Vitale.

The claims ratio increased to 72.9% (2011: 69.7%). This was mainly due to higher regular claims and lower releases of provisions within Property & Casualty compared to 2011. The expense ratio increased slightly to 26.7% (2011: 26.4%). On balance, the combined ratio of Non-life Netherlands came in below 100% at 99.6% (2011: 96.1%). Without the additional provision in Income Protection, the claims ratio would have been 67.3 % (2011: 64.2%) and the combined ratio 94.0% (2011: 90.6%).

Non-life Netherlands

Solvency increased to 280% (2011: 245%) due to higher investment revaluations and the profit over the year.

BUSINESS LINES

Property & Casualty

The Property & Casualty market in the Netherlands is characterised by slow growth, with increasingly fierce competition on internet-related sales. The long-term trend points to brokers losing market share to sales through direct channels, as consumers switch in growing numbers to online price comparison sites and aggregators in search of the best deal. Although internet-only start-up companies tend to concentrate on offering the lowest price point, it will become increasingly important to understand changing customer demands and behaviour, and design products accordingly. Our cooperation with Independer.nl helps us better understand and react to the demands of customers, thereby building a more sustainable relationship with them.

Gross written premiums increased slightly to €2,522 million (2011: €2,511 million), mainly due to an increase in fire and general liability insurance, partly offset by a decrease in motor insurance.

Profit before tax decreased by 12% to €401 million (2011: €455 million), due to a higher number of claims within the agricultural sector in 2012, a higher number of fire and storm claims in the first quarter of 2012 and lower releases of provisions compared to 2011.

The expense ratio increased to 26.8% (2011: 26.4%), primarily due to the investments in IT and higher marketing expenses. The claims ratio increased to 62.7% (2011: 59.5%) and the combined ratio was 89.5% (2011: 85.9%).

Income Protection

Companies and the self-employed take out income protection to cover the risk of their employees or themselves becoming incapacitated and unable to work. In the Netherlands there are three main products offered by insurers: disability coverage for the self-employed (AOV); employee absence coverage, primarily targeted at the SME market (Verzuim); and coverage of employees who are partially or temporarily incapacitated (WGA). In recent years, the Dutch income protection market has been marked by three key issues. Firstly, an increase in competition, which pushed down premiums and impacted profits. Secondly, the continuation of the economic downturn, which has cut growth among SMEs and the self-employed, and increased business bankruptcy levels. Together this has resulted in fewer income protection policies being taken out, with employers accepting higher risks in order to lower costs.

And lastly, the number of employees partially (or permanently) incapacitated has risen faster than initially predicted by insurers and the Institute for Employee Insurance (UWV), the government agency responsible for medical (re-)examinations of the occupationally disabled. Although we prudently made additional provisions on our long-term disability insurance this year, the impact this issue will have on the market as a whole remains uncertain.

Gross written premiums decreased by 5% to €629 million (2011: €665 million), mainly due to a decrease in premiums in disability and absenteeism, respectively impacted by lower pricing and by stricter renewal policy.

The loss before tax worsened in 2012 to -€194 million (2011: -€126 million), primarily due to costs of €33 million related to the sale of Achmea Vitale and higher claims. Profit before tax was also affected by the additional provision of €180 million (2011: €171 million) for our long-term disability insurance (WGA). This addition was made in expectation of a higher inflow and a longer duration of insured persons in the WGA, partly as a result of the continuing troubled labour market conditions, where both claim frequency and claim duration increased above our own (and market) expectations. To better position ourselves in the market and counter the increase in claim costs, we have taken various steps. These involve adjusting our proposition to customers and further improving our claims handling. We will also better align with the UWV. For 2013, we do not foresee any further major additions to the provision due to the arrears from the UWV that have been eliminated.

The claims ratio increased to 113.1% (2011: 109.4%) due to higher claims, mainly in disability and WGA. The claims ratio in 2012 was, as in 2011, also affected by the additional provision of €180 million on our long-term disability product. The expense ratio decreased to 26.4% (2011: 26.5%), which was due to more effective claims handling. This resulted in a combined ratio of 139.5% (2011: 135.9%). Without the additional provisions, the claims ratio in Income Protection would have been 85.5% (2011: 82.6%) and the combined ratio 111.9% (2011: 109.1%).

Health Netherlands

- Stable performance in 2012
- Combined ratio Basic Health improved to 98.0% (2011: 98.9%)
- Customers make more selective use of supplementary health package

€ MILLION

RESULTS	2012	2011	Δ	H2 2012	H2 2011	Δ
Gross written premiums	13,120	12,055	9%	6,182	5,673	9%
Operating expenses	639	516	24%	383	294	30%
Profit before tax	**286**	**301**	**-5%**	**89**	**144**	**-38%**
KEY FIGURES	**2012**	**2011**	**Δ**	**H2 2012**	**H2 2011**	**Δ**
Claims ratio	93.5%	94.8%	-1.3%-pts	93.0%	95.0%	-2.0%-pts
Expense ratio	4.4%	4.0%	0.4%-pts	5.1%	4.5%	0.6%-pts
Combined ratio	**97.9%**	**98.8%**	**-0.9%-pts**	**98.1%**	**99.5%**	**-1.4%-pts**
KEY FIGURES BASIC HEALTH	**2012**	**2011**	**Δ**	**H2 2012**	**H2 2011**	**Δ**
Claims ratio	94.7%	96.1%	-1.4%-pts	94.5%	96.2%	-1.7%-pts
Expense ratio	3.3%	2.8%	0.5%-pts	3.8%	2.7%	1.1%-pts
Combined ratio	**98.0%**	**98.9%**	**-0.9%-pts**	**98.3%**	**98.9%**	**-0.6%-pts**
KEY FIGURES SUPPLEMENTARY HEALTH	**2012**	**2011**	**Δ**	**H2 2012**	**H2 2011**	**Δ**
Claims ratio	84.6%	85.2%	-0.6%-pts	86.0%	89.8%	-3.8%-pts
Expense ratio	10.5%	9.5%	1.0%-pts	12.1%	9.4%	2.7%-pts
Combined ratio	**95.1%**	**94.7%**	**0.4%-pts**	**98.1%**	**99.2%**	**-1.1%-pts**

	31-12-2012	31-12-2011	Δ
Regulatory solvency ratio	153%	192%	-39%-pts

GENERAL

Achmea is the Netherlands largest health insurer with a market share of 33%, where we offer a range of health services and provide basic and supplementary health insurance to around 5.5 million people. Following our merger with De Friesland Zorgverzekeraar in 2011, we are incorporating their results into ours for the first time in 2012.

Results

In 2012, gross written premiums at our Dutch health operations grew by 9% to €13,120 million (2011: €12,055 million), mainly due to the merger with De Friesland Zorgverzekeraar (DFZ). Corrected for the premiums of DFZ (€1,212 million), gross written premiums decreased by 1% to €11,909 million (2011: €12,055 million). This decrease is mainly due to lower contributions from the risk equalisation fund.

On a comparable basis, profit before tax at our Health Netherlands business decreased by 5% to €286 million (2011: €301 million). The decrease was due to the one-off allocation of expenses related to holding services rendered in previous years (these expenses are also presented as part of expenses in the Other chapter). The first-time consolidation of DFZ added an additional €53 million to our result, bringing the total to €286 million (2011: €301 million).

Operating expenses were €639 million (2011: €516 million). Excluding DFZ, operating expenses were €578 million. The increase in operating expenses was due to an impairment of assets at Achmea Health Centers, one-off expenses for the integration of the Achmea Health and Agis divisions into a single health division and the reduction in IT systems, and higher brokers commissions following an increase in customer numbers.

The claims ratio decreased to 93.5% (2011: 94.8%), mainly as a result of favourable claims development related to previous years. The expense ratio increased to 4.4% (2011: 4.0%) due to the one-off business and IT integration expenses and higher brokers commissions. The combined ratio of Health Netherlands improved to 97.9% (2011: 98.8%).

Solvency decreased to 153% (2011: 192%), which was mainly due to the Dutch Central Bank's increased solvency requirements for Basic Health insurance from 9% to 11%. The solvency level remains relatively strong and well above the minimum legal and internal requirements.

Health Netherlands

BUSINESS LINES

Basic Health

The Dutch health insurance market is the largest private insurance market in Europe, with a size of €40 billion in 2012. The market grew over the course of the year, with a decrease in the number of uninsured persons leading to an overall rise in the number of policyholders.

The issue of healthcare once again played a central role in Dutch society, garnering attention partially because of its importance in the build up to the general election, which was held in September. One of the primary discussion topics is rising healthcare costs, which are increasing faster than economic growth. These rising costs are the reason why an agreement was made between the Dutch Health Ministry, hospitals and Dutch health insurers in 2011 to limit the increase of healthcare and hospital spending to a maximum of 2.5% per year. To achieve this, and to further improve the quality and efficiency of healthcare, more financial risk and responsibility has shifted to health insurers and to the insured. In addition, contract negotiations with healthcare providers increasingly include making quality more transparent, with negotiations focusing on the price/quality ratio. The concentration of complex hospital healthcare, the reshaping of the healthcare infrastructure and the shift towards primary care and self-management are also high on the agenda. We are starting to see the system changes envisaged in 2006 taking place. The earlier signs that the rise of healthcare costs seems to be slowing were re-affirmed in the second half of 2012, although it is still too early to draw any definitive conclusions. In 2012, the agreement laid out by the new Dutch coalition government re-affirmed the role of the insurer within the current framework. At the same time, the market is progressively becoming a commodity market. Price sensitivity and consumer mobility are increasing, from 6.0% in 2012 to around 7.5% in 2013. This increased mobility is in part due to increased consumer price sensitivity and greater transparency, driven by the popularity of comparison websites.

In 2012, gross written premiums at Basic Health increased by 8% to €11,571 million (2011: €10,715 million). Of this, €1,075 million came from DFZ. Excluding DFZ's contribution, gross written premiums for Basic Health decreased by 2% year-on-year, while premiums from customers increased by 3% to €4,637 million (2011: €4,493 million). Contributions from the risk equalisation fund decreased by 6% to €5,858 million (2011: €6,222 million) due to lower claims estimates. Of DFZ's gross written premiums, €497 million were from customers and €578 million were contributions from the risk equalisation fund.

Profit before tax at Basic Health increased by 63% to €260 million (2011: €159 million), mainly as a result of favourable claims development related to previous years. The DFZ integration contributed €45 million to the result.

The claims ratio improved to 94.7% (2011: 96.1%), partially as a result of favourable claims development related to previous years. The expense ratio increased to 3.3% (2011: 2.8%), mainly as a result of the one-off expenses for the integration of the Achmea Health and Agis divisions into a single health division and the reduction in IT systems. Higher brokers commissions, following an increase in customer numbers, also impacted the expense ratio. The combined ratio improved to 98.0% (2011: 98.9%).

Supplementary Health

In 2012, gross written premiums at Supplementary Health increased by 16% to €1,534 million (2011: €1,322 million). Excluding the contribution of DFZ (€135 million), the increase was 6%. This increase was the result of premium adjustments.

Profit before tax was €82 million (2011: €79 million), which includes a €6 million contribution from DFZ. This profit decrease was caused by fewer policyholders selecting additional healthcare insurance, downgrading among existing policyholders and policyholders using their supplementary health package more efficiently.

The claims ratio improved to 84.6% (2011: 85.2%), while the expense ratio increased to 10.5% (2011: 9.5%). This resulted in a higher combined ratio of 95.1% (2011: 94.7%).

Pension & Life Netherlands

- Profit before tax increased significantly to €381 million (2011: -€181 million)
- Challenging life market circumstances likely to continue going forward
- Separate organisational entity for closed life book in place since the start of 2013

€ MILLION

RESULTS PENSION AND LIFE NETHERLANDS	2012	2011	Δ	H2 2012	H2 2011	Δ
Gross written premiums	2,944	3,120	-6%	1,079	1,254	-14%
Operating expenses	340	324	5%	169	170	-1%
Profit before tax	**381**	**-181**	**n.m.**	**244**	**-316**	**n.m.**

KEY FIGURES BASED ON MARKET CONSISTENT PRINCIPLES	2012	2011	Δ	H2 2012	H2 2011	Δ
Value added by new business	-19	-7	-171%.	-12	-12	0%.
New business (APE)	141	101	40%	99	46	115%
Present value of new business premiums	1,025	1,013	1%	534	469	14%
New business margin	-1.8%	-0.7%	-1.1%-pts	-2.2%	-2.6%	0.4%-pts
Value added by new business as % of APE	-13.1%	-6.9%	-6.2%-pts	-11.6%	-26.1%	14.5%-pts

	31-12-2012	31-12-2011	Δ
Regulatory solvency ratio	234%	209%	25%-pts

n.m.: not meaningful

GENERAL

Achmea's Pension & Life business in the Netherlands is composed of Pension insurance and Individual life insurance. In Pension insurance, where we have a market share of 10%, our focus is on the delivery of defined contribution products. In Individual life, where we have a market share of 14%, our focus is predominantly on term life products.

Results

In 2012, gross written premiums decreased by 6% to €2,944 million (2011: €3,120 million). The decline was caused by the challenging Dutch life insurance market. Falling mortgage sales following the sluggish housing market and the introduction of bank savings products with fiscal advantages similar to life insurance products have put pressure on the sale of new life products. Both single – especially in the second half of the year – and annual premiums are lower compared to 2011. Annual premium equivalents (APE) increased to €141 million (2011: €101 million under EEV principles) following our decision to report under Market Consistent (MCEV) principles rather than European Embedded Value (EEV) principles. Under MCEV principles renewals are taken into account.

Despite continued challenging market conditions, profitability developed favourably. Profit before tax increased significantly to €381 million (2011: -€181 million. The 2011 results were negatively impacted by the €279 million goodwill write-down related to the life and pension business). This was positively affected by higher investment income, mainly due to lower credit spreads and rising equity markets, which had a positive effect on specific investments (such as convertibles).

Profit before tax was also positively affected by a switch in the discount rate used for measuring the liabilities related to certain insurance contracts, which guarantee a minimum value at maturity of the contract and a portfolio of insurance contracts whose cash flows are discounted using market based interest rates. Since 2012, we have used the Euro swap curve, including an illiquidity premium, dependent on the specific features of the insurance contract, which is extrapolated by means of an ultimate forward rate (UFR). With the application of a UFR to determine the discount rate, we anticipate the extrapolation technique for the discount rate that will be used for Solvency II. This became clear when the Dutch Central Bank changed its method for determining the discount rate for regulatory purposes on 30 June 2012, making use of the UFR method.

Operating expenses increased by 5% to €340 million (2011: €324 million). Corrected for a one-off benefit of repayments of commissions in 2011, and for lower reinsurance commissions in 2012, operating expenses were lower compared to 2011.

In accordance with our decision in 2011, we began reporting Value of New Business (VNB) under Market Consistent (MCEV) principles rather than European Embedded Value (EEV) principles in 2012. Given the

current low interest yields, this directly negatively affects margins on new business. In 2012, the VNB decreased to -€19 million (2011: -€7 million). The new business margin decreased to -1.8% (2011: -0.7%). This is primarily a result of sales being too low to cover expenses.
The solvency level improved significantly to 234% from 209% at year-end 2011. This increase is attributable to the profit over the year and the switch from the Euro swap curve to the ECB AAA curve with UFR methodology.

BUSINESS LINES

Pension Insurance

The pension insurance market in the Netherlands is currently in a transitionary phase. Since the onset of the economic crisis, increasing numbers of employers and insurers have chosen to switch from Defined Benefit (DB) schemes to Defined Contribution (DC) schemes, as low interest rates and longevity risks make traditional DB plans unattractive for employers and unsustainable for insurers. On the regulation front, the introduction of a revised IAS19 accounting rule at the beginning of 2013 will add to the unsustainability of DB plans for employers, and is likely to further encourage the shift towards DC. The entrance of Premium Pension Institutions (PPIs) from non-insurers has led to competitive pressure, although they also provide opportunities for insurers with risk products, such as Achmea.

Our focus in 2012 was on developing and rolling out our DC product range, including a new mutual fund range with a transparent and low cost structure, while continuing to cut costs and look for efficiencies across our operations. We remain cautious of DB products, which we view as unsustainable for both employers and insurers, and continued to withdraw from guaranteed products where customers were not prepared to pay the increased market consistent costs of guarantees. During the course of the year we rolled out a portal for employers and a portal for employees, developed in cooperation with our customers, which provide access to investment information and pension performance. Both were very well received by our customers and the supervisory authorities. We also launched a new product that provides customers with a guaranteed return linked to the market interest rate, rather than a fixed percentage guarantee. We completed a 5-year transformation program to migrate our Centraal Beheer Achmea and Avéro Achmea brands to a single platform for DB administration. This resulted in improved efficiency and cost reductions across our traditional product operations. We have started a similar transformation program for our DB products at Interpolis. Gross written premiums at our Pension insurance business decreased by 4% to €1,177 million (2011: €1,224 million). Annual gross written premiums remained stable, but single premiums were lower compared to 2011. The negative economic environment resulted in less indexation of single premiums.

Individual Life Insurance

The individual life market in the Netherlands has faced challenging circumstances in recent years, and this is likely to continue going forward. This is why we fully impaired the goodwill related to the life and pension business at the beginning of 2012. Declining mortgage sales due to the sluggish housing market have pressured term life insurance, while the introduction of savings products with similar fiscal advantages has shifted the market towards the major banking players. In line with other sectors, consumers are demanding simpler, more transparent products and services and greater cost visibility. There is also growing competition among life insurers, leading to cost reductions and business rationalisation.

Our strategic focus continued to be on providing innovative, low-cost and simple term life products, where we see growth potential. The majority of our sales were through the distribution partnership we operate with Rabobank. We are also focusing on increasing sales through direct channels. During the course of the year, we decided to separate our closed life book business and create a dedicated organisational entity. This has been in place since the start of 2013, with the aim of maintaining value at the lowest possible cost, while ensuring customers are well served. This also enables us to look at alternative, efficient ways of using capital.

We ensured that during the year, 100% of affected customers were informed as to how much compensation they will receive for too high cost loading in the past. While we chose to add any compensation directly and fully to the policy, both for the past and the future, we have always believed that financial compensation alone is not enough. As a result, we have also launched alternative bank products and new lifecycle-based investment funds that have no initial costs, with customers offered the possibility to adjust their current product or switch to an alternative product.

In 2012, gross written premiums decreased by 10% to €1,256 million (2011: €1,389 million). This decrease is attributable to a decrease in annual premiums as well as single premiums, mainly in lower immediate annuities. The decrease of annual premiums is caused by lower premiums from asset accumulation products due to competition from bank savings and lower term insurance due to the depressed housing market.

International

- Focus on long-term profitability, cost savings and improved operational performance
- Operating expenses decreased by 5% to €395 million (2011: €416 million)
- Gross written premiums decreased by 5% to €1,230 million (2011: €1,299 million)

€ MILLION

RESULTS INTERNATIONAL	2012	2011	Δ	H2 2012	H2 2011	Δ
Gross written premiums	1,230	1,299	-5%	577	599	-4%
Operating expenses	395	416	-5%	204	214	-5%
Profit before tax	**-83**	**-70**	**-19%**	**-49**	**-50**	**2%**

GROSS WRITTEN PREMIUMS	2012	2011	Δ	H2 2012	H2 2011	Δ
Greece	396	430	-8%	187	212	-12%
Turkey	297	304	-2%	138	129	7%
Russia	65	75	-13%	33	30	10%
Other*	472	490	-4%	219	228	-4%

	31-12-2012	31-12-2011	Δ
Regulatory solvency ratio	259%	247%	12%-pts

** Other includes Slovakia, Ireland, Bulgaria and Romania*

GENERAL

Achmea's international operations are made up of all activities outside the Netherlands. We currently operate in seven countries: Greece, Turkey, Russia, Slovakia, Ireland, Bulgaria and Romania. We are in the process of developing a greenfield start up with Rabobank in Australia.

Results

In 2012, gross written premiums decreased by 5% to €1,230 million (2011: €1,299 million). This was caused by a number of factors, including our focus on writing only profitable contracts, currency effects and local market contractions.
Profit before tax was -€83 million (2011: -€70 million), mainly due to an addition to the loan loss provision of our Irish Finance company (which is in run-off) and a number of one-offs, including restructuring costs and write-offs connected to our Romanian operations. Corrected for one-offs and divestments, profit before tax was -€14 million (2011: €8 million, corrected for the sale of Avéro Belgium, the impairment on Greek government bonds and extra reserve releases). This loss was driven by higher lapses and higher claims in Turkey (including lower recoveries) and Ireland, and was impacted by the negative development of the discount curve. All other operating companies performed ahead of 2011, due to a continued focus on profitability, cost savings and improved operational performance.

Operating expenses decreased by 5% to €395 million (2011: €416 million), due to the effectiveness of the overall profitability plan, a 10% reduction in FTEs and lower commissions. Solvency improved to 259% at year-end 2012, from 247% at year-end 2011.

COUNTRIES

Greece

Interamerican Greece operates in the non-life, health and life markets. The country faced an extremely challenging economic situation in 2012, which impacted growth and continued to make it difficult to predict market developments. We chose to further de-risk our exposure to the country where possible, and will continue to monitor the situation carefully. In 2012, gross written premiums decreased to €396 million, from €430 million in 2011.

Due to the ongoing economic crisis, we saw an increasing number of lapses and surrenders in the Greek market. In this worsening market, Interamerican Greece performed better than other insurers, aided by our direct channel Anytime.

Turkey

Eureko Sigorta operates in Turkey's non-life and health markets, which are core competences for Achmea. Eureko Sigorta is faced with a challenging insurance market. Customer awareness of, and trust in, the insurance sector is low. Bancassurance sales remain a vital part of the business, which are carried out in close cooperation with our strategic partner Garanti Bank. In 2012, we continued to focus our efforts on driving sales through this channel. Gross written premiums dropped by 2% to €297 million (2011: €304 million), due to lower sales in some product lines in non-life, partly offset by the positive influence of foreign exchange differences. It was decided in the first half of the year not to exercise our call option on Garanti Emeklilik, the life business of Garanti Bank.

International

Russia

Oranta operates in the non-life and health markets in Russia. Our focus in 2012 was on introducing greater efficiency to the organisation, and streamlining our portfolio. This was embedded into a detailed action plan, which we executed in 2012. We made good progress on increasing profitability and introducing better business practices.

Portfolio changes involved cutting a number of loss-making contracts, which had an obvious impact on top-line sales. Although sales dropped slightly, we improved our profitability by 10% and even outperformed our initial targets. Operating expenses were reduced by 12%. Overall the efficiency drive has improved bottom line performance. Gross written premiums in 2012 were 13% lower at €65 million (2011: €75 million). The outlook for the Russian market is positive and it remains one of our most important markets. Our target in the coming period is to accelerate profitable growth. This will involve developing new channels and value propositions for clients and intermediaries, which will support the core values of Achmea. A second growth area will be online distribution channels, for which we will develop a more detailed strategy in the coming years. At the same time, we will focus on retention and customer centricity to ensure sustainable portfolio growth.

Slovakia

Union operates in the health, non-life and life markets in Slovakia. The business performed strongly in 2012, both commercially and operationally, and Union is currently the market's fifth-largest player. Union is making solid progress in premium volume growth, with 85% of gross written premiums in 2012 coming from health, 4% from life, 3% from non-life motor and 8% from other non-life areas. Union has shifted to being a multi-distribution company, with the direct channel becoming increasingly important. This channel will be further explored and developed. We expect to see the motor market continue to grow, in both the retail and the SME environment, which will lead to a more balanced non-life portfolio.

The ongoing uncertainty surrounding the Slovakian government's decision to return to a single, state-run health insurance system continued throughout the year. In December 2012, Achmea won an arbitration case against the Slovakian government, in which we claimed the country breached investment treaties when it forbade health insurers from making a profit. An international arbitration tribunal awarded us approximately €25 million in compensation for damages incurred by Union because of the profit ban. Given the Slovak government's public announcement that it disagrees with the decision of the tribunal, we do not yet consider the receivable amount to be sufficiently certain to recognise it as an asset.

Ireland

Friends First Life in Ireland is active in the life market. The life market in Ireland has seen new sales volumes fall dramatically since 2007 and we do not expect any improvements in the short term. Our focus in 2012 was on retaining the in-force portfolio, preserving customers and managing the lapse risks. Although this approach may reduce sales, it will result in better persistency rates and provide greater customer value for money. In 2012, gross written premiums decreased by 11% to €172 million compared with €194 million in 2011. The contribution of investment contracts decreased by 16% to €258 million compared to €307 million in 2011.

Bulgaria

Interamerican Bulgaria is active in the non-life and life markets. In non-life, the long-term goal is to move towards profitability through more cost-effective distribution. Our sales efforts will concentrate on agent restructuring alongside the development of 'group-direct' business, while continuing the shift to higher sales in profitable lines of business. Gross written premiums decreased to €14 million compared with €18 million in 2011, driven mainly by motor, in line with our plan to decrease unprofitable sales.

Australia

We aim to offer non-life insurance to Rabobank's customers in the agricultural sector (for example, for livestock and crops) as an integrated part of Rabobank's retail proposition in Australia, based on the model we operate in the Netherlands. We are in the process of applying for a license to start a greenfield operation and hope to be active in the market, in partnership with Rabobank, during the course of 2013.

DISCONTINUED ACTIVITIES

Ireland (finance company)

Our Irish finance company went into run-off in 2009, following the deterioration of the Irish economy. The company is successfully bringing down its outstanding loan portfolio and lowered the exposure of its finance portfolio significantly in 2012. Despite this, additional loan loss provisions of €39 million (2011: €18 million) were required.

International

Romania

Eureko Romania operates in the health insurance market. At the beginning of 2013, we sold our Romanian life insurance and pension operations. We booked €17 million in additional costs in 2012, resulting from asset write-offs, redundancies and goodwill impairment. The remaining parts of the company will go into run-off.

Banking Netherlands

- Profit before tax higher at €8 million (2011: -€30 million) following higher fair value results
- Increased in savings volume in retail banking
- Successful placement of mortgage securitisation and of senior unsecured notes

€ MILLION

RESULTS BANKING NETHERLANDS	2012	2011	Δ	H2 2012	H2 2011	Δ
Net interest margin	65	81	-20%	31	39	-21%
Realised and unrealised results	56	-24	n.m.	22	-38	-n.m.
Operating expenses	109	94	16%	58	49	18%
Additions to loan loss provisions	16	3	n.m.	8	8	0%
Profit before tax	**8**	**-30**	**n.m.**	**-7**	**-51**	**86%**

CORE TIER 1 RATIO	31-12-2012	31-12-2011	Δ
Achmea Bank Holding*	14.2%	12.4 %	1.8%-pts
Staalbankiers*	14.0%	13.1 %	0.9%-pts

** Based on statutory basis*

GENERAL

Achmea offers three distinct banking services in the Dutch consumer market, which complement our full range of insurance products. Achmea Bank provides mortgages through Achmea Hypotheekbank and retail savings options through Achmea Retail Bank. Staalbankiers delivers private banking services to individuals and institutions.

Results

In 2012, our banking activities realised a profit before tax of €8 million (2011: -€30 million). The year-on-year increase was due to the higher fair value results of €56 million (2011: -€24 million), which increased mainly because of a significant improvement in the EUR/USD basis spread. Operating expenses increased to €109 million against €94 million in 2011, due to higher front office costs and project expenses. Additions to the loan loss provisions increased by €5 million, if corrected for the one-off €8 million release in 2011. Overall, the efficiency ratio improved from 138% to 81%

BUSINESS LINES

Achmea Bank

In 2012, profit before tax at Achmea Bank was €29 million compared to a loss of €1 million in 2011. This increase was largely attributable to an accounting fair value profit, which was the result of higher fair value results following a significant improvement in the EUR/USD basis spread. The net interest margin came under pressure due to the negative cost of carry of additional liquidity balances, one-off restructuring charges and non-recurring expenses. Despite the depressed housing market, Achmea Bank stabilised the mortgage portfolio at €11.9 billion (2011: €12.2 billion). Additions to the loan loss provision were slightly higher than in 2011, reflecting a conservative approach to valuing the impact of the current state of the Dutch mortgage and housing market, and a decrease in collateral value because of lower house prices. In basis points of the total portfolio, the additions to the loan loss provision amounted to 10 basis points, reflecting the high quality of our mortgage portfolio. Part of our strategy is to reduce our reliance on capital market funding and increase the relative percentage in savings. Savings deposits at Achmea Retail Bank grew to €3.7 billion (2011: €3.0 billion), a rise of more than €0.7 billion compared to year-end 2011. This means we are on track to achieve our goal of securing approximately 40% of our funding by 2014 through consumer savings. The current mortgage portfolio at Achmea Hypotheekbank stands at €11.9 billion (year-end 2011: €12.2 billion) and we aim to maintain it at roughly this level going forward.The core Tier 1 ratio improved to 14.2% from 12.4% at year-end 2011.

In 2012, we continued our DMPL programme, with a €784 million securitisation issue in July, while in October we completed our first issuance of €500 million in senior unsecured notes. During the year we redeemed $900 million of our state-guaranteed loan, which we took out in the wake of the 2008 financial crisis. So far we have redeemed $1.8 billion of this $3.2 billion loan ahead of schedule.

Staalbankiers

Ongoing uncertainty in the broader economy has created a challenging market environment for private banking. In 2012, therefore, we embarked on a programme to make the organisation more efficient. By bringing in a new management team, centralising a number of work streams and streamlining the workforce, we concentrated on reducing costs and making the investment strategy available to all customers in a cost-efficient manner. These changes will reduce annual operating expenses by around €10 million. At the beginning of 2013, an agreement was reached with GE Artesia Bank whereby their private banking customers will be introduced to us. We look forward to welcoming many new GE Artesia Bank customers to Staalbankiers.

In 2012, we saw a net inflow of Assets under Management (AuM) of €200 million to €1.9 billion, driven by new customers and the inflow of additional funds from existing customers. Operational expenses were €45 million (2011: €46 million) due to the restructuring programme, including investments in IT infrastructure. Our core Tier 1 ratio was 14.0% (2011: 13.1%), with a sound liquidity position and a modest risk profile.

Other

- Syntrus Achmea Assets under Management (AuM) increased by 12% to €63.7 billion (2011: €57.1 billion)
- Interest in F&C Asset Management divested

€ MILLION

RESULTS OTHER	2012	2011	Δ	H2 2012	H2 2011	Δ
Total income	275	242	14%	149	108	38%
Operating expenses	679	746	-9%	350	339	3%
Interest expenses	79	81	-2%	38	42	-10%
Other expenses	-96	11	n.m.	-93	4	n.m.
Profit before tax	**-387**	**-596**	**35%**	**-146**	**-277**	**47%**

** n.m. not meaningful*

GENERAL

This segment covers our Pension Services (which was included under the Life segment in 2011), Shared Service Centers, strategic shareholdings and Holding activities. Our pension services company, Syntrus Achmea, provides customers with a range of fiduciary management, asset management and pension administration services.

Results

In 2012, profit before tax was -€387 million (2011: -€596 million), an improvement of €209 million on 2011. Income increased by 14% to €275 million (2011: €242 million), where 2011 was negatively impacted by impairments on our positions in MilleniumBCP and F&C Asset Management. In addition, operating expenses decreased by 9% to €679 million (2011: €746 million). This decrease was primarily due to the decision to charge investments in certain projects directly to our business units. Furthermore, a decrease in total project expenses has contributed to lower operating expenses. In 2012, one-off expenses related to holding services rendered in previous years were charged to our Health Netherlands business.

In 2012, we sold our entire interest of 9.6% in F&C Asset Management. This sale fits with our policy of focusing on core competences and activities, and contributes to our de-risking policy, in particular of concentration risk. The transaction and settlement led to a profit of €1 million.

BUSINESS LINES

Pension Services

In 2012, Syntrus Achmea strengthened its position in the pension funds market. Although fee and commission income decreased by 9% to €249 million (2011: €273 million), due to earlier contract terminations, client retention in 2012 was close to 100% and customer satisfaction improved considerably. Additionally, operating expenses were reduced significantly, despite the fact that substantial investments were made to support and execute future pension solutions. Assets under Management (AuM) increased by 12% to €63.7 billion (2011: €57.1 billion). This was due to both the inflow of funds and overall market developments. The real-estate component of Syntrus Achmea's AuM decreased by 4% to €13.8 billion (2011: €14.4 billion), caused primarily by customers' portfolio adjustments and impairments on property.

Investments

- Conservative investment portfolio maintained
- Our own-risk investment portfolio increased to €43.2 billion (2011: €42.4 billion)
- We shifted around €2.0 billion of our Dutch, German and French government bonds to low-risk corporate bonds.

GENERAL

Investment portfolio

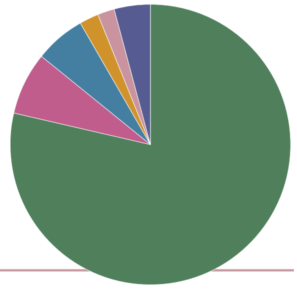
At year-end 2012, total investments at Achmea amounted to €68.1 billion. Achmea bears the investment risk of €43.2 billion, or 63%, of the total portfolio (on some products we guarantee a specific return), while customers bear the risk on a separate part of the investment portfolio. The related investments backing linked liabilities –the risk held by policyholders – amounted to €25.0 billion, or 37%, of our total investments. In addition, we have a negligible amount invested in associates (€92 million).

Our own-risk investment portfolio increased by 2% to €43.2 billion (2011: €42.4 billion). This is excluding investments in strategic shareholdings, but including investment property. The increase is mainly due to our fixed-income positions as a result of lower interest rates and narrowing credit spreads. Our derivative position, which makes up 6% of our portfolio, decreased by €247 million to €2.7 billion, also as a result of lower interest rates. This exposure is fully collateralised, so the risk attached to this position is negligible. The relative position of fixed-income securities, including loans and mortgages, increased to 78% (2011: 76%) of our own investment portfolio. Our deposits with credit institutions and reinsurers decreased by €0.7 billion to €2.8 billion, which is around 7% (2011: 8%) of our own investment portfolio. Only 5% of our investment portfolio is invested in equities and alternative investments, reflecting our prudent investment policy. Total impairments on our own-risk investment portfolio amounted to €37 million in 2012, compared to €243 million in 2011.

Financial markets were positive in 2012, despite negative economic developments and the ongoing sovereign debt crisis in Southern Europe. Equity markets rose more than 15% in Europe, America and Asia, countering a bad equity year in 2011. Bond markets also rose in 2012, due to lower government bond yields in Northern Europe and lower credit spreads and swap spreads. Dutch activities make up the largest part of our business (91% of our risk-bearing portfolio). Total (asset-only) performance of our Dutch activities was €2.2 billion, or 8%, in 2012

TOTAL INVESTMENT PORTFOLIO 31 DECEMBER 2012 (€43.2 BILLION)

FIXED INCOME	78%
DEPOSITS	7%
DERIVATIVES	6%
EQUITIES	2%
ALTERNATIVES	2%
REAL ESTATE	4%
OTHER	0%



Fixed-income portfolio

In 2012, our fixed-income portfolio increased by 5% to €33.9 billion (year-end 2011: €32.2 billion). The majority of the investments (64% or €21.8 billion at year-end 2012 against 72% or €23.1 billion at year-end 2011) were invested in government bonds, government related bonds or government guaranteed bonds. These government bonds are predominantly Dutch, German and French. In 2012, we shifted around 10%, or €2.0 billion, of our Dutch, German and French government bonds to low-risk corporate bonds. These low-risk corporate bonds are issued by investment-grade companies with low levels of leverage and low probability of default. By selecting bonds with relatively short maturities and relatively high seniorities, we aim to limit mark-to-market volatility (volatility resulting from fair value accounting) substantially. The position in loans and mortgages (9%) consists mainly of savings accounts related to mortgages and pension products with Rabobank. A modest part of our fixed-income portfolio consists of corporate bonds without guarantees (27%, or €9.0 billion, against 18%, or €5.7 billion, at year-end 2011).

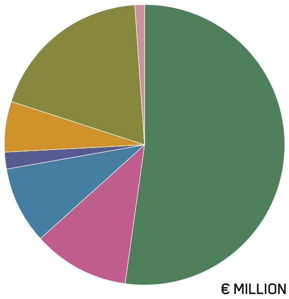
Of our corporate bonds, approximately 26% is invested in covered bonds and asset backed securities and only a very small amount is invested in high-yield bonds. Our fixed-income portfolio is fairly conservative. Of the fixed income portfolio, 61% has a AAA rating. This is a decrease compared to 2011 (73%), and is almost entirely due to the ratings downgrade of France. Only 1% of our portfolio is non-investment grade, while 2% is not rated. For our Dutch activities, (asset-only) performance on fixed income, including derivatives, was 7.8%, or about €2.2 billion.

Investments

Interest rates fell in 2012 due to both lower government bond yields and lower credit and swap spreads. The match between matching portfolio and liabilities was reasonably effective, moving within a very narrow policy range.

RELATIVE POSITION OF FIXED-INCOME INVESTMENT BY NATURE, 31 DECEMBER 2012 (€33.9 BILLION)

Government bonds	53%
Government related/ guaranteed	11%
Loans and mortgages	9%
Asset backed securities	2%
Covered bonds	6%
Corporate bonds	19%
Convertible bonds	1%



€ MILLION

FIXED INCOME PORTFOLIO BY RATING	31-12-2012	31-12-2011
AAA	61%	73%
AA	16%	11%
A	11%	6%
BBB	9%	7%
<BBB	1%	1%
Not rated	2%	2%
Total	**100%**	**100%**

At the end of 2012, our sovereign exposure to GIIPS countries (Greece, Ireland, Italy, Portugal and Spain) amounted to €668 million (year-end 2011: €580 million) or only 2.0% (year-end 2011: 1.8%) of our fixed income portfolio. Our exposure to Greece (€11 million) and Ireland (€511 million) relates exclusively to our business activities there. The increase in our position was the result of positive market developments.

€ million

TOP 5 SOVEREIGN EXPOSURE	31-12-2012	31-12-2011	RATING
Netherlands	10,592	10,512	AAA
Germany	4,398	4,936	AAA
France	1,792	2,561	AA
Finland	532	570	AAA
Ireland	511	411	BBB

€ million

SOVEREIGN EXPOSURE GIIPS COUNTRIES

	31-12-2012	%*	NOMINAL VALUE	31-12-2011	NOMINAL VALUE
Greece	11	0.0%	27	31	145
Ireland	511	1.5%	481	411	480
Italy	50	0.2%	49	57	60
Portugal	48	0.1%	48	33	47
Spain	48	0.1%	48	48	48
Total	**668**	**2.0%**	**653**	**580**	**780**

** Percentage of total fixed-income portfolio.*

Equity and alternatives portfolio

At year-end, our equity portfolio was higher at €948 million (year-end 2011: €763 million) or 2.2% of our own investment portfolio. The increase is attributable to higher equity markets and investments in conservative equity and emerging markets. Of our equity portfolio, 92% is invested in developed markets. This includes an 8% position in participations (>5%), which benefit favourably from Dutch (fiscal) participation exemption. At year-end 2012, 8% was invested in emerging markets. In addition to the equity portfolio, we also manage a portfolio of alternative products, such as private equity, hedge funds, infrastructure and commodities. This portfolio was higher at €1.0 billion (year-end 2011: €0.9 billion) or 2.0% of the total investment portfolio. The equities and alternative investments portfolio is, in addition to foreign exchange risk, not hedged.

For our Dutch activities, (asset-only) performance on equities, including foreign-exchange hedges, was +17% as a result of rising stock markets. The (asset-only) performance of alternative investments was +5%, mainly thanks to commodities (+5%) and infrastructure (+6%). (Asset-only) performance of private equity and hedge funds was almost zero in 2012.

Real estate portfolio

At year-end, our real estate portfolio amounted to €1.6 billion (year-end 2011: €1.7 billion) or 4% of our own investment portfolio. The portfolio consists of €0.4 billion of indirect real estate and €1.2 billion of direct real estate. The direct real estate portfolio consists of 36% residential, 30% offices, 28% retail and 6% other real estate. The real estate market in the Netherlands is sluggish, and this is especially the case for the office market. In 2012, we took revaluations of €76 million, (2011: €77 million) mainly on the office market. We have a prudent approach to valuing our real estate portfolio, which offers us a very clear indication of the current value of our portfolio in these adverse market conditions.

Abbreviated Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BEFORE APPROPRIATION OF PROFIT)

(€ MILLION)

	31 DECEMBER 2012	31 DECEMBER 2011
Assets		
Intangible assets	1,639	1,573
Associates	92	87
Property for own use and equipment	619	648
Investment property	1,172	1,243
Investments	42,001	41,113
Investments backing linked liabilities	24,972	23,314
Banking credit portfolio	16,436	16,932
Deferred tax assets	385	398
Deferred acquisition costs	185	226
Income tax receivable		
Amounts ceded to reinsurers	968	855
Receivables and accruals	5,232	4,589
Cash and cash equivalents	1,078	1,325
	94,779	**92,303**
Assets classified as 'held for sale'	38	10
Total assets	**94,817**	**92,313**
Equity		
Equity attributable to holders of equity instruments of the Company	10,354	9,769
Non-controlling interest	20	6
Total equity	**10,374**	**9,775**
Liabilities		
Insurance liabilities	38,908	37,520
Insurance liabilities where policyholders bear investment risks	22,259	20,771
Investment contracts	2,123	2,193
Post-employment benefits	893	1,024
Other provisions	282	273
Banking customer accounts	5,351	5,001
Loans and borrowings	9,625	11,086
Derivatives	1,779	1,586
Deferred tax liabilities	18	16
Income tax payable	83	99
Other liabilities	3,084	2,942
	84,405	**82,511**
Liabilities classified as 'held for sale'	38	27
Total equity and liabilities	**94,817**	**92,313**

CONSOLIDATED INCOME STATEMENT

(€ MILLION)

	2012	2011
Income		
Gross written premiums Non-life	3,764	3,819
Gross written premiums Health	13,471	12,400
Gross written premiums Life	3,210	3,431
Gross written premiums	**20,445**	**19,650**
Reinsurance premiums	-686	-849
Change in provision for unearned premiums (net of reinsurance)	15	1
Net earned premiums	**19,774**	**18,802**
Income from associates	4	1
Investment income	1,115	1,254
Realised and unrealised gains and losses	569	769
Income from investments backing linked liabilities	2,533	979
Banking income	751	720
Fee and commission income, and income from service contracts	442	465
Other income	69	208
Total income	**25,257**	**23,198**
Expenses		
Claims and movements in insurance liabilities	19,271	18,668
Claims and movements in insurance liabilities ceded to reinsurers	-513	-540
Profit sharing and bonuses	745	804
Movements in insurance liabilities where policyholders bear investment risks	1,280	473
Fair value changes and benefits credited to investment contracts	127	-150
Operating expenses	3,024	3,031
Banking expenses	607	601
Interest and similar expenses	85	78
Other expenses	219	480
Total expenses	**24,845**	**23,445**
Profit before tax	**412**	**-247**
Income tax expenses	-41	-39
Net profit	**453**	**-208**
Net profit attributable to:		
Holders of equity instruments of the Company	452	-209
Non-controlling interest	1	1
Earnings per share from continuing operations (euros) and diluted earnings per share from continuing operations (euros)	0.92	-0.69

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ MILLION)

	2012	2011
Cash flow from operating activities		
Profit before tax	412	-247
Adjustments of non-cash items and reclassifications:		
Unrealised results on investments	-1,796	-1,340
Foreign exchange results	32	-91
Amortisation and impairment charges on intangible assets, property for own use and equipment	237	482
Amortisation of deferred acquisition costs	58	49
Interest paid	544	580
	–513	**–567**
Changes in operating assets and liabilities:		
Purchase of Investment property	–16	–7
Purchase of Investments	-40,285	–36,701
Purchase of Investments backing linked liabilities	–14,606	–13,342
Divestments of Investment propery	22	126
Divestments of Investments	40,578	38,042
Divestments of Investments backing linked liabilities	15,237	13,523
Capitalised deferred acquisition costs	–19	–3
Changes in receivables and accruals and other liabilities	–398	–35
Changes in insurance liabilities net of reinsurance	1,801	1,230
Changes in banking credit portfolio	617	214
Changes in banking customer accounts and loans and borrowings related to banking activities	350	342
Interest received	–340	–315
Income taxes paid	–28	36
Changes in income tax	–238	–57
Other changes	20	–619
	2,695	**2,434**
Cash flow from investing activities		
Investments, acquisitions and direct return on investments:		
Subsidiaries and Associates (net of cash acquired)	–93	-54
Property for own use and equipment	–112	–225
	–205	**–279**
Divestments and disposals:		
Property for own use and equipment	11	123
	11	**123**

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(€ MILLION)

	2012	2011
Cash flow from financing activities		
Issue, repurchase and sale of equity instruments		-200
Dividends and coupon payments	-106	-136
Interest paid	-473	-594
Other credit facilities	-1,656	-1,395
	-2.235	**-2,325**
Net cash flow	**-247**	**-614**
Cash and cash equivalents at 1 January	1,325	1,939
Cash and cash equivalents at 31 December	**1,078**	**1,325**
Cash and cash equivalents include the following items:		
Cash and bank balances	788	1,172
Call deposits	290	153
Cash and cash equivalents at 31 December	**1,078**	**1,325**