Achmea posts net profit of € 123 million

- Result realised in challenging economic and market conditions
- Clear focus on costs delivered stable gross operating expenses, despite higher pension charges, investments in compliance with new regulation and ongoing complexity reduction
- Robust financial position maintained, solid solvency ratio of 204% (IGD)
- New initiatives rolled out to better serve our customers' interests

Willem van Duin, chairman of the Executive Board, comments:

"In challenging economic and market conditions, Achmea posted a net profit of € 123 million over the first half of 2013. All insurance segments contributed to this result. Our Non-life activities performed well operationally, although three of our corporate clients suffered major fires, which negatively affected the Non-life results. Our Health activities showed a stable operational development. The result, however, was lower than last year, as we did not raise health premiums despite the continued increase in healthcare costs. Thanks to improved functioning of the healthcare system and our effective procurement of healthcare, we see the rise in healthcare costs flatten out, which is an encouraging sign. Results at our Pension & Life business were adversely affected by interest-rate volatility, although we succeeded to further reduce operating expenses.

Of the € 10 billion in premium income attributable to the first half of 2013, we paid out over € 9 billion to our customers for healthcare, non-life claims, pensions and life insurance. At Non-life, gross written premiums grew slightly, in part as a result of acquisitions. Gross written premiums at our Health activities on the other hand declined, partly because customers increasingly choose to increase their voluntary 'own risk' levels and reduce their supplementary health cover. Life insurance premiums continued to decline as customers increasingly make use of bank savings products instead of life insurance for asset accumulation.

As a cooperative insurer, our robust financial position enables us to fulfill our long-term commitments to our customers. Going forward, we will continue to focus closely on improving efficiency. Our goal to reduce our operating expenses with € 200 million by the end of 2015 is still firmly in place."

ANNOUNCEMENT OF INTERIM RESULTS 2013 ON 13 AUGUST 2013
A press conference call for Dutch media starts at 11:00 CET.
Please dial + 31 20 53 15 870
A conference call for analysts starts at 14:00 CET.
Please dial + 31 20 53 15 871
More details can be found on Achmea's website: www.achmea.com

FOR MORE INFORMATION PLEASE CONTACT:
Stefan Kloet
Media Relaties
stefan.kloet@achmea.com, +31 6 12 22 36 57
Gül Poslu
Investor Relations
gul.poslu@achmea.com, +31 6 20 97 17 58

Achmea's Condensed Consolidated Interim Financial Statements are prepared in accordance with IAS 34, Interim Financial Reporting and Applicable Interpretations - as at 30 June 2013 as adopted by the European Union. PricewaterhouseCoopers Accountants N.V., Achmea's auditor, has issued an unqualified review opinion on the Condensed Consolidated Interim Financial Statements.

Note: because of rounding numbers may not add up

Group Performance

GROUP DEVELOPMENTS

In the first half of 2013, we continued to build on putting our customers' interests first and the future stability of the Group. Research shows that our customers are positive about the services that our brands provide. Customer satisfaction is high compared with other insurers.
We continue to build successfully on our cooperative reputation; for example, Achmea was the company that showed the most rapid rise in the Reputation Institute's recently published report, conducted among the 30 largest Dutch companies. As a cooperative insurer, we are constantly looking for ways to improve the service we provide to our customers. We have implemented a number of initiatives that underline our focus on our customers' interests. While we are taking good steps, we are still not where we want to be. Going forward, we will therefore continue to execute our integrated cross-divisional change agenda, aimed at putting our customers' interests first. We will achieve this in a number of ways, including making our policy information clearer and more accessible, improving our product development processes and streamlining our complaints management. Employees are actively involved in implementing these changes across the organisation, as ultimately they will be responsible for maintaining them in the future.

The Group's healthy financial position is a prerequisite if it is to honour its long-term commitments to customers. To ensure this, we need to increase our commercial effectiveness while raising efficiency. The still challenging economic conditions and insurance markets make this even more evident. In 2013, our solvency position (IGD) remained solid at 204%. The fact that we maintained the A+ S&P credit rating for our insurance entities under revised rating criteria confirms our healthy financial position. We also further shaped our capital position with a number of successful transactions. We redeemed € 358 million of hybrid capital instruments and issued € 500 million of Tier 2 Subordinated Notes.

Operational developments

Achmea is the largest non-life insurer in the Netherlands. Our position in this market was strengthened in the first six months by the merger with Onderlinge Verzekeringen Overheid (OVO), a specialist in liability and fraud insurance for public authorities, and Friesland Bank Assurantiën (FBA), one of the 25 largest Dutch intermediaries. In addition, PGGM's income protection portfolio was acquired. As a cooperative insurer, we put a great deal of effort into preventing damage claims, while of course compensating damages if they occur. For example, customers can post their top risk-prevention practices on an online platform of our brand Interpolis. So far we have received over 2,100 suggestions for ways to mitigate everyday risks. Interpolis launched this initiative in order to collectively find new ways to manage risk, with the belief that insuring everything is not the best, or the only, solution. And if damage does occur? Then our customers can always count on us.

As an insurer with a cooperative background, we stress the importance of good quality, affordable healthcare. We see this as a social issue that affects almost everyone. Out of every euro in healthcare premiums in Basic Health, we again paid out 96 cents to cover the healthcare costs of our customers in the first half of this year. Around 3 cents was used to cover our operating costs and the remaining 1 cent was added to our financial reserves, so that customers can continue to be assured of high-quality healthcare in the future.

We are committed to providing our customers with the best healthcare while managing the rising cost of healthcare, which we do through brands such as Zilveren Kruis Achmea, Agis and De Friesland Zorgverzekeraar. Good quality and accessible healthcare for everyone is key. We want to ensure that our customers receive the best healthcare per euro, through selective healthcare procurement. Thanks to improved functioning of the healthcare system and good healthcare procurement agreements, we see a flattening out in the growth of healthcare costs, which is an encouraging sign. To advise our customers in good time of the providers which offer the best healthcare, we have made an early start on negotiations with hospitals for 2014. Our aim is to provide as much transparency in healthcare information as possible to our 5.4 million healthcare customers before the annual switching period.

Within the Pension & Life segment, we continued to further streamline our segregated portfolio of life insurance policies (closed book) to keep implementation costs low, while maintaining our high quality of service. All our customers with unit-linked insurance – of which there were approximately 800,000 – have been informed of their individual positions and, where applicable, excessive costs have been refunded in accordance with the agreements which have been made. This was the case with around 30% of the policies. In addition, the costs for some of the existing products have been further reduced, we are offering new cheaper investment funds and we have introduced bank savings as an alternative product for existing customers. Customers also have the option of changing their unit-linked insurance or switching to another product, in both cases free of charge. This has given customers better prospects of achieving their financial objectives. However, disappointing investment performance may still result in customers failing to meet their (original) targets. Too few customers realise this, so we are helping them to take action: since mid-July we have been advising customers by e-mail and via our websites that they should review their position. Support is also being given to enable intermediaries to provide help to their customers.

Dialogue with society

Our cooperative background forms the basis of our actions. As a cooperative insurer we want to know what is on our customers' minds, which is why we actively discuss issues with our customers in their homes through our 'Volgens Nederland' ('Holland says') campaign. Themes we discuss are healthcare, mobility, employment, safety and pensions. We also conduct surveys (Societal Monitors) on the same topics, to find out what matters most to the Dutch society. Informed by our cooperative identity, we also promote good health among the Dutch population. In April we became a Partner in Sport of NOC*NSF[1], and we will use this partnership to promote recreational sport and encourage everyone in the Netherlands to get involved in sporting activities. Achmea is also official partner of the European Youth Olympic Festival (EYOF), which was recently held in Utrecht. The games, for young and talented athletes, were attended by 40,000 visitors. In the build-up to the event, Achmea mobilised 20,000 children by organising school sports days and the Achmea High Five Challenge.

In June 2012, Achmea was one of the first signatories of the Principles for Sustainable Insurance (PSI). These principles form a global sustainability framework and are an initiative of the United Nations. In the first six months of the year we have made good progress implementing PSI in our business. For example, we have made 'adherence to the principles' a relevant criterion for measuring the performance of a business activity. In doing so, we have implemented PSI at the heart of our company and positioned the execution where it belongs: at business level. The compensation of our Group's carbon emission forms a concrete example of an already achieved result following our signing of the PSI. Since 2011, Achmea is the first Dutch insurance company to work completely carbon neutral.

Based on our cooperative beliefs, we are also active outside the Netherlands. In Burundi we are involved in a public-private partnership with the Dutch government, in which we are jointly investing €4 million in micro insurance for farmers. The project combines improving healthcare with economic self-reliance.

Changes in Executive Board

At the end of March this year, we announced the appointment of two new Executive Board members: Huub Arendse, who became Chief Financial Officer, and Roelof Konterman.

*[1] The Netherlands Olympic Committee * Netherlands Sports Confederations*

Group Performance

KEY FIGURES (€ MILLION)

RESULTS	H1 2013	H1 2012	Δ
Gross written premiums	17,615	18,138	-3%
Change in provision for unearned premiums (net of reinsurance)	-7.187	-7.397	-3%
Investment income including associates	310	1.051	-71%
Fee and commission income	213	226	-6%
Other income	83	1.157	-93%
Total income	**11,034**	**13,175**	**-16%**
Claims and movements in insurance liabilities	9,066	11,063	-18%
Operating expenses	1,475	1,454	1%
Other expenses	414	489	-15%
Total expenses	**10,955**	**13,006**	**-16%**
Profit before tax	79	169	-53%
Net profit	**123**	**210**	**-41%**

BALANCE SHEET	30-06-2013	31-12-2012	Δ
Total assets	101,887	94,830	7%
Total Equity	9,763	10,483	-7%

SOLVENCY	30-06-2013	31-12-2012	Δ
Solvency ratio – Group (FCD)	203%	209%	-6%-pnt
Solvency ratio – insurance entities (IGD)	204%	212%	-8%-pnt

FTES	30-06-2013	31-12-2012	Δ
FTEs (internal)	18,738	18,905	-1%

FINANCIAL RESULTS

Group results

In challenging economic and insurance market conditions, Achmea delivered a net profit of € 123 million over the first half of 2013 (H1 2012: € 210 million). Our Non-life business performed well operationally, while the operating results of our health insurance activities were stable. Our Pension and Life segment realized lower operating expenses, although the result was impacted by a fair-value change related to the guarantees issued for our separate-account pension business.

The Group's gross written premiums decreased by 3%, reflecting lower revenues in our Health and Pension & Life segments. In the Health segment, revenues were down because we kept premiums for our customers stable this year, despite the continued increase in healthcare costs. Additionally, customers are increasingly raising their voluntary 'own risk' amount in Basic Health or reducing their coverage in Supplementary Health. Life insurance premiums continued to decline as customers increasingly choose bank savings products over life insurance for asset accumulation. Gross written premiums were also lower in this segment due to the stagnation in the housing market.

During the first six months of this year, we continued to focus on reducing costs. As a result, we were able to keep gross operating expenses[2] stable at € 1,347 million (H1 2012: €1,346 million) despite increased annual pension charges for our staff and investments in compliance with new regulations, such as the Single Euro Payments Area (SEPA) that aims to harmonize European cross-border payments. Additionally, we continued to invest in complexity reduction in the first half of 2013. Corrected for additional effects resulting from the change in pension charges, as well as the effects of non-recurring costs such as mergers and acquisitions, our gross operating expenses decreased by 3%.

[2] *Operating expenses before cost allocation to claim handling expenses and investment expenses, excluding acquisition costs, reinsurance, profit sharing and commission*

The number of staff (FTEs) decreased by 1% to 18,738 (2012: 18,905), including 70 additional FTEs joining our company following the acquisitions of OVO and FBA.

Profit before tax for the first half of the year amounted to € 79 million (H1 2012: € 169 million). The improved result of the Non-life business was offset by lower results at our Health and Pension & Life businesses. Excluding the effects of mergers and acquisitions, profit before tax for the first six months was € 82 million (H1 2012: € 211 million). Net profit for the first half came in at € 123 million (H1 2012: € 210 million), including a tax benefit resulting from the release of part of our tax provisions, and the tax exemption related to our Health insurance activities.

In the coming period we will continue to work hard on improving efficiency. We will continue to reduce our operating costs by € 200 million by the end of 2015. We expect the challenging economic and insurance market conditions to at least continue, which makes the need for further cost reduction even more evident. We expect to see the benefits of our investments in cost and complexity reduction later this year.

Results by segment

In the highly competitive Dutch non-life market, we were again able to deliver a solid operating result and profit before tax rose sharply. Profit before tax amounted to € 177 million against € 82 million in H1 2012, with a combined ratio of 97.0% (H1 2012: 99.5%). This improvement was largely due to the result improvement in our income protection insurance business for long-term disability (WGA). We have taken a number of measures to restore profitability. For example, we have critically reviewed our pricing in relation to policy conditions and improved our claims handling, for example by working more closely with the Institute for Employee Benefit Schemes (UWV). This meant that we did not need to make any additional provisions in the first six months of this year, whereas we had to set aside € 87 million in the same period last year. Last year, we also incurred costs of € 33 million related to the sale of Achmea Vitale. In the Non-life segment, however, three of our corporate clients suffered major fires, which negatively affected the Non-life results (€ 44 million).

In addition to the result improvement of our Non-life business, our Health business achieved a stable operating performance. Compared with the same period last year, however, the result was lower, primarily because we kept premiums for our customers stable despite the increase in healthcare costs. Customers also increasingly choose to increase their voluntary ‘own risk’ levels and reduce the supplementary health cover in their policies. Profit before tax in Health declined by 23% to € 152 million (H1 2012: € 197 million). As part of this, profit before tax on the basic health insurance declined to € 118 million from € 135 million.

To help control the rising cost of healthcare, we provide our healthcare insurance services as efficiently as possible. The integration of the healthcare activities of Achmea and Agis resulted in a further decrease in operating expenses in the first half of this year. The combined ratio was 98.8% (H1 2012: 97.6%) for basic health insurance and 95.4% (H1 2012: 92.2%) for supplementary health insurance.

In the Pension & Life segment, we are operating in a rapidly changing market. The decline in gross written premiums has continued as customers increasingly opt for bank savings products in preference to life insurance for asset accumulation. Gross written premiums in this segment were also lower by the stagnation of the housing market. Despite further operating cost savings, the result turned out lower than last year. Profit before tax fell to € 62 million from € 138 million in the same period last year, mainly due to fair-value changes in the guarantees provided for our separate-account pension business.

Our international activities delivered a modest positive result thanks to our continued focus on improving operating performance and cost savings. We choose only to offer insurance where it is profitable, even if it means loss of revenues. Profit before tax in the first half of 2013 was € 3 million, compared with a loss of € 29 million in the same period last year.

CAPITAL MANAGEMENT

During the first half of 2013, our capital position remained robust. Rating agency Standard & Poor’s revised its criteria earlier this year. Under these revised criteria, the rating and outlook for the group (A- stable) and the insurance activities (A+ stable) remained unchanged. This confirms our robust financial position.

Total Equity

Achmea’s Total Equity as at 30 June 2013 was € 9,763 million, down € 720 million compared with year-end 2012. The decrease was due to dividends and coupon payments, repayments on capital instruments and downward revaluations of the fixed-income portfolio. Achmea made dividend payments on shares and coupon payments on hybrid loans amounting to € 237 million in the first half. We also redeemed € 225 million of 8.375% Fixed Rate Tier 1 Capital Securities and repurchased € 133 million of 5.125% Fixed to Floating Rate Perpetual Securities. Lastly, owing to higher interest rates, the combined effect of revaluations of the equities and fixed-income portfolio was - € 154 million. On the upside, total equity benefited from the addition of the 2013 net profit of € 123 million.

DEVELOPMENT OF TOTAL EQUITY	(€ million)
Total equity 31/12/2012	**10,483**
Net profit	123
Dividends and coupon payments to holders of equity instruments	-237
Redemption repurchase of equity instruments	-358
Revaluation of equity and fixed income portfolio	-154
FX reserves	-45
Post-employment benefits	-49
Total equity 30/06/2013	**9,763**

Solvency

We maintained a solid 204% solvency ratio (Insurance Group Directive) in the first half of the year (year-end 2012: 212%). The required capital was little changed at € 4,000 million (year-end 2012: € 3,985 million), while available capital decreased by € 271 million from € 8,435 million to € 8,164 million. The movement in the available capital was due primarily to two factors. The first was the € 720 million decline in Total equity, which reduced the available capital but was partly offset by the issue of € 500 million Tier 2 Subordinated Notes in April 2013. The second was a reduced surplus in the Liability Adequacy Test (LAT) following changes in parameters used for performing the LAT.

In July 2013, rating agency Fitch downgraded France to AA+ from AAA. The consequence is that as of July 2013 France will no longer be included in the ECB AAA curve and therefore the curve on average will be lower. Achmea uses the ECB AAA curve in calculating the LAT for supervisory purposes and therefore the surplus in the LAT will be reduced. The surplus in the LAT is taken into account in the calculation of available capital. Consequently, the solvency ratio will be negatively impacted in the second half of 2013. The negative impact on the solvency ratio is calculated to be approximately 7%-points.

Our banking operations also maintained their solid financial positions. The core Tier 1 ratios of Achmea Bank Holding and Staalbankiers improved to 14.8% (year-end 2012: 14.2%) and 15.9% (year-end 2012: 14.0%), respectively.

SOLVENCY	30/06/2013	31/12/2012	Δ
Solvency ratio Group (FCD)	203%	209%	-6%-pt
Solvency ratio insurance entities (IGD)	204%	212%	-8%-pt
Core Tier 1 ratio Achmea Bank	14,8%	14.2%	0.6%-pt
Core Tier 1 ratio Staalbankiers	15,9%	14.0%	1.9%-pt

Funding

As well as € 500 million of Tier 2 Subordinated Notes, we issued CHF 200 million of Senior Unsecured Notes in the first half of this year. Achmea Hypotheekbank N.V. also successfully issued two tranches of Senior Unsecured Notes totalling € 800 million.

INVESTMENT PORTFOLIO

Achmea pursues a prudent investment policy with a low risk profile. Our own-risk investment portfolio decreased slightly to € 42.6 billion (year-end 2012: € 43.2 billion) in the first six months of this year. This was mainly due to the decline in derivatives and developments in our real estate portfolio.

Our fixed-income portfolio was fairly stable at € 33.8 billion (year-end 2012: € 33.9 billion). Government bonds, government related bonds and government guaranteed bonds make up most of our investment portfolio: 58% or € 19.5 billion at the end of June 2013 (year-end 2012: 65% or € 21.8 billion).

To increase the return on our fixed-income portfolio, we switched a part of our government bond portfolio to higher-yielding corporate bonds. In the first half of 2013, we switched € 800 million of our Dutch, German and French government bonds (4% of our fixed-income portfolio) to investment-grade corporate bonds with relatively short maturities and high seniorities. We had already moved € 2.0 billion of our government bonds into corporate bonds in 2012.

Achmea has a very small proportion of its investments in government bonds issued by the GIIPS countries (Greece, Ireland, Italy, Portugal and Spain). The majority of this exposure relates to our local business activities in Ireland.

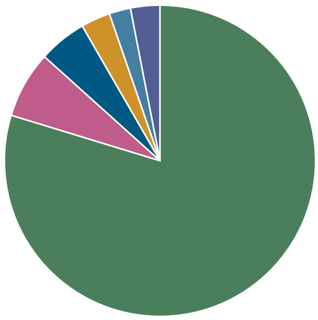
At the end of June 2013, Achmea's investments in Ireland amounted to € 524 million. Achmea's total exposure to GIIPS countries at the end of June was € 615 million or 1.8% of our fixed-income portfolio (year-end 2012: € 668 million or 2%).

In the first six months of this year, the value of our equities portfolio increased to € 1,083 million (year-end 2012: € 948 million) or 2.5% of the total investment portfolio. The increase was mainly due to rising share prices. Our portfolio of alternative investments such as private equity, hedge funds, infrastructure and commodities remained stable at € 1.0 billion or 2.4% of the total investment portfolio.

With the Dutch real estate market, and in particular the office market, under sustained pressure, we perform frequent valuations to give us a clear view of the value of our portfolio in these turbulent market conditions.
At 30 June 2013, our real estate portfolio had a value of € 1.4 billion (year-end 2012: € 1.6 billion), which is 3% of our own-risk investment portfolio. The portfolio consists of € 1.1 billion of direct real estate and € 0.3 billion of indirect real estate. The direct real estate portfolio consists of 36% residential, 31% offices, 28% retail and 5% other real estate. Downward revaluations in the first half of 2013 amounted to € 36 million (H1 2012: € 39 million), mainly affecting our office portfolio.

TOTAL INVESTMENT PORTFOLIO 30/06/13 (€ 42.6 BILLION)

Fixed-income	79%
Deposits	7%
Derivatives	5%
Equities	3%
Alternatives	2%
Real estate	3%



Achmea interim results 2013 in detail

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Non-life Netherlands

- Solid performance with a combined ratio of 97.0%
- Three major fire claims impacted result at Property & Casualty
- Various actions taken resulted in improved claims ratio at Income Protection

RESULTS (€ million)	H1 2013	H1 2012	Δ
Gross written premiums	2,026	2,014	1%
Operating expenses	387	443	-13%
Profit before tax	**177**	**82**	**116%**

KEY FIGURES	H1 2013	H1 2012	Δ
Claims ratio	72.1%	74.1%	-2.0%-pt
Expense ratio	24.9%	25.4%	-0.5%-pt
Combined ratio	**97.0%**	**99.5%**	**-2.5%-pt**

KEY FIGURES PROPERTY & CASUALTY	H1 2013	H1 2012	Δ
Claims ratio	67.7%	63.4%	4.3%-pt
Expense ratio	25.4%	26.8%	-1.4%-pt
Combined ratio	**93.1%**	**90.2%**	**2.9%-pt**

KEY FIGURES INCOME PROTECTION	H1 2013	H1 2012	Δ
Claims ratio	88.6%	111.3%	-22.7%-pt
Expense ratio	22.9%	20.7%	2.2%-pt
Combined ratio	**111.5%**	**132.0%**	**-20.5%-pt**

	30/06/2013	31/12/2012	Δ
Regulatory solvency ratio	274%	280%	-6.0%-pt

GENERAL

For Achmea, Non-life insurance is both a core business and a core competence. The segment consists of our Property & Casualty business and Income Protection activities. The Non-life Netherlands business contributed 16% (H1 2012: 15%) to the Group, based on premium income attributable to the first half of 2013. Our Non-life products are available through all our distribution channels: direct, bank and broker. Non-life in the Netherlands performed well, despite operating in a competitive market characterized by slow growth.

RESULTS

Overall, gross written premiums increased slightly to € 2,026 million (H1 2012: € 2,014 million). Within our Non-life segment we saw higher premiums at Property & Casualty mainly due to the acquisition in 2013 of Onderlinge Verzekeringen Overheid (OVO), a Dutch specialist liability and fraud insurer, and the acquisition of Friesland Bank Assurantiën (FBA), one of the 25 largest insurance intermediaries in the Netherlands, following Rabobank's acquisition of Friesland Bank. Within Income Protection we acquired the portfolio of PGGM, although our changed pricing strategy and stricter renewal policy resulted in a decrease in gross written premiums.

Our Non-life activities performed well operationally. Profit before tax was € 177 million against € 82 million in H1 2012. This performance improvement was the result of the steps taken in our Income Protection insurance business for long-term disability (WGA) to restore our profitability. The result in H1 2012 was impacted by additional provisions of € 87 million for WGA compared to no additional provisions the same period this year. Additionally, we incurred costs of € 33 million related to the sale of Achmea Vitale last year.

Overall, the combined ratio of our Non-life Netherlands business improved to 97.0% (H1 2012: 99.5%). The claims ratio for the segment decreased to 72.1% (H1 2012: 74.1%), with the impact of three major fires of corporate clients more than offset by lower claims at our WGA income protection business.

Operating expenses decreased by € 56 million to € 387 million, primarily as a result of the divestment of Achmea Vitale in the first half of 2012 and lower project costs within the segment. The latter resulted in an improved expense ratio of 24.9% (H1 2012: 25.4%).

BUSINESS LINES

Property & Casualty

The Property & Casualty market in the Netherlands is characterised by slow growth, with increasingly fierce competition mainly through the online channel. The long-term trend points to brokers losing market share to sales through direct channels, as more and more consumers turn to online price comparison sites in search of the best deal. Internet-only companies tend to concentrate on offering the lowest price. Consequently, it will become increasingly important to understand changing customer demands and behaviour, and design products accordingly.

The acquisition of Onderlinge Verzekeringen Overheid and Friesland Bank Assurantiën resulted in an increase in gross written premiums from Property & Casualty insurance to € 1,518 million (H1 2012: € 1,477 million).

Profit before tax decreased to € 164 million (H1 2012: € 198 million). The aforementioned three major fire claims at Dutch corporate clients impacted both our result and claims ratio. The claims ratio increased to 67.7% (H1 2012: 63.4%). Lower project costs resulted in lower expense ratio of 25.4% (H1 2012: 26.8%). This resulted in a combined ratio for Property & Casualty of 93.1% (H1 2012: 90.2%).

Income Protection

In the Netherlands there are three main products offered by insurers to companies and the self-employed for their income protection: 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 unable to work (WGA). In recent years, the Dutch income protection market has seen three main developments. Firstly, current 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. 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 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.

In this challenging insurance market we have changed our pricing strategy and introduced a stricter renewal policy. This resulted in lower gross written premiums of € 508 million in the first half of 2013 (H1 2012: € 537 million).

To better position ourselves in the WGA market and counter the increase in claims, we have taken a number of steps to improve both our results and claims ratio.
We adjusted our proposition to customers and further improved our claims handling. We have also better aligned with the UWV.

We achieved a higher profit before tax at Income Protection of € 13 million against a loss before tax of € 116 million in H1 2012. This performance improvement was primarily the result of the steps taken in the WGA. The result in H1 2012 was impacted by additional provisions of € 87 million for WGA compared to no additional provisions the same period this year. Additionally, we incurred costs of € 33 million related to the sale of Achmea Vitale last year

Although actions taken on WGA have resulted in an improved claims ratio, they had a negative effect on our operating expenses as we invested in the improvement of our claims handling. The claims ratio decreased to 88.6% (H1 2012: 111.3%), while the expense ratio increased to 22.9% (H1 2012: 20.7%). The combined ratio improved to 111.5% (H1 2012: 132.0%).

Health Netherlands

- Stable operational performance; lower profit contribution to the Group
- Healthcare premiums for customers kept stable despite the rise of healthcare costs
- Contract negotiations with hospitals for 2014 to be finalised in November

RESULTS (€ million)	H1 2013	H1 2012	Δ
Gross written premiums *	13,249	13,607	-3%
Operating expenses	266	280	-5%
Profit before tax	**152**	**197**	**-23%**

KEY FIGURES	H1 2013	H1 2012	Δ
Claims ratio	95.1%	94.0%	1.1%-pt
Expense ratio	3.7%	3.8%	-0.1%-pt
Combined ratio	**98.8%**	**97.8%**	**1.0%-pt**

KEY FIGURES BASIC HEALTH	H1 2013	H1 2012	Δ
Claims ratio	96.1%	94.8%	1.3%-pt
Expense ratio	2.7%	2.8%	-0.1%-pt
Combined ratio	**98.8%**	**97.6%**	**1.2%-pt**

KEY FIGURES SUPPLEMENTARY HEALTH	H1 2013	H1 2012	Δ
Claims ratio	86.3%	83.3%	3.0%-pt
Expense ratio	9.2%	8.9%	0.3%-pt
Combined ratio	**95.4%**	**92.2%**	**3.2%-pt**

	30/06/2013	31/12/2012	Δ
Regulatory solvency ratio	158%	153%	5.0%-pt

** Gross written premiums within Health Netherlands are based on the annual contractual premiums. In previous years, gross written premiums were based on monthly premiums to be earned. Comparative figures are adjusted accordingly.*

GENERAL

Health insurance is both a core business and a core competence at Achmea. The Health Netherlands segment contributed 66% (H1 2012: 65%) to the Group, based on premium income attributable to the first half of 2013. As the Netherlands largest health insurer, we offer a range of health services and provide basic and supplementary health insurance to around 5.4 million people.

The Dutch health market is changing. At the end of 2012, more people than ever before (1.2 million) switched health insurance company. The main drivers were the continuing challenging economic climate and the increased competition between health insurers. Many now use online price comparison websites, such as Independer.nl. At the same time, many customers increased their ‘own risk’ amount for basic health or reduced their supplementary health insurance package. We kept premiums for our customers stable in 2013 despite the continued increase in healthcare costs. These developments also had an impact on our results.

In July 2011, the Dutch Health Ministry, hospitals and health insurers reached an agreement in principle to contain the increase of healthcare and hospital spending to a maximum of 2.5% per year. This agreement has recently been amended. For the year 2014 a maximum growth in volume of 1.5% has been agreed upon. And for the years 2015 through 2017 a maximum volume growth of 1% per year has been negotiated. To achieve this, and to further improve the quality and efficiency of healthcare, more insurance risk has been and will be shifted towards the health insurers.

Health insurers can help bring down costs by selectively purchasing healthcare. For the current year, we made arrangements with healthcare providers about quality and more care per euro. Negotiations with hospitals for the year 2013 are concluded, and those covering 2014 are in progress. Thanks to the improved functioning of the healthcare system and strict healthcare purchasing, we saw the growth of healthcare costs flatten out in the first half of the year, an encouraging sign.

Health Netherlands

Results

Gross written premiums in H1 2013 decreased by 3% to € 13,249 million (H1 2012: € 13,607 million) as customers increased their voluntary 'own risk' levels in basic health and reduced their supplementary coverage. We kept premiums for our customers stable despite the continued rise in healthcare costs. To better reflect the premiums associated with our written contracts, gross written premiums are based on the annual contractual premiums. In previous years, gross written premiums were based on monthly premiums to be earned. Comparative figures in H1 2012 have been adjusted accordingly.

Profit before tax decreased to € 152 million (H1 2012: € 197 million), mainly driven by lower income from premiums in both Basic and Supplementary Health and higher claims.

The claims ratio increased to 95.1% (2012: 94.0%), due primarily to customers amending their policies. Operating expenses in H1 2013 decreased by 5% to € 266 million (H1 2012: € 280 million). The decrease was mainly due to the benefits realised from integrating the Achmea Health and Agis divisions into a single health division, as well as from our focus on reducing costs and complexity, especially cost reductions in IT systems. This resulted in a slightly improved expense ratio of 3.7% (H1 2012: 3.8%). The combined ratio increased to 98.8% (H1 2012: 97.8%).

The solvency ratio increased to 158% (H1 2012: 153%), which is above the minimum regulatory requirements and our internal requirements. We aim to maintain this ratio given that more insurance risk has shifted towards the health insurers.

BUSINESS LINES

Basic Health

Gross written premiums in the first half of 2013 decreased by 2% to € 11,848 million (H1 2012: € 12,086 million). Of this, € 5,056 million (7% lower than H1 2012) is premium income from customers. Customers increased their voluntary 'own risk' levels, resulting in lower premiums. Also, we kept our premium rates for customers stable despite the rise of healthcare costs. The contribution from the risk equalisation fund increased by 2% to € 6,792 million.

Negotiations with hospitals for 2013 are fully concluded. But for administrative reasons the submission of claims has not yet been started by all hospitals, which impacts the claims process. Without mutually signed contracts, hospitals cannot claim or receive any advances. Hospitals expect to finalise this process early in the third quarter. Given the nature of the existing negotiations and contracts, we aim and expect to have the majority of the contracts for 2014 arranged in November, which is ahead of the 2014 campaign. This will enable us to disclose the results of the concluded selective procurement of healthcare (and the impact this has on our customers) in time for the annual switching period.

Profit before tax at Basic Health decreased by € 17 million to € 118 million (H1 2012: €135 million), mainly due to lower premium income and a lower release of claims provisions from previous years.

Lower premium income resulted in an increase of the claims ratio of Basic Health insurance by 1.3%-points to 96.1%. The expense ratio improved slightly to 2.7% (H1 2012: 2.8%), mainly as a result of the integration of Achmea Health and Agis, and the reduction in IT systems. The combined ratio increased to 98.8% (H1 2012: 97.6%).

Supplementary Health

Customer behaviour regarding supplementary health insurance is also changing. Policyholders are selecting or renewing less additional healthcare and dental care insurance or are reducing their existing coverage. Additionally, customers are more aware in their choices for their (existing) insurance compared to the past. As a result, gross written premiums decreased by 8% to € 1,386 million (H1 2012: € 1,506 million). Profit before tax at Supplementary Health decreased to € 34 million (H1 2012: € 63 million).

The changing behaviour resulted in an increase in the claims ratio to 86.3% (H1 2012: 83.3%), while the expense ratio increased by 9.2% (H1 2012: 8.9%), mainly due to higher broker commissions. This resulted in a higher combined ratio of 95.4% versus 92.2% in H1 2012.

Pension & Life Netherlands

- Profitability decreased, primarily impacted by fair value changes related to guarantees provided for our separate-account pensions business
- Gross operating expenses decreased due to focus on ongoing cost reductions
- Separated closed life book organisation showing first efficiencies

RESULTS (€ million)	H1 2013	H1 2012	Δ
Gross written premiums	1,690	1,865	-9%
Operating expenses	163	163	0%
Profit before tax	**62**	**138**	**-55%**

KEY FIGURES BASED ON MARKET CONSISTENT PRINCIPLES	H1 2013	H1 2012	Δ
Value added by new business	-10	-7	-49%
New business (APE)	40	42	-6%
Present value of new business premiums	340	491	-31%
New business margin	-3.0%	-1.4%	-1.6%-pt
Value added by new business as % of APE	-25.6%	-16.2%	-9.4%-pt

	30/06/2013	31/12/2012	Δ
Regulatory solvency ratio	235%	234%	1%-pt

GENERAL

Achmea's Pension & Life Netherlands business is composed of pension insurance and individual life insurance. The Pension & Life Netherlands segment contributed 13% (H1 2012: 15%) to the Group, based on premium income attributable to the first half of 2013. Pension Insurance focuses on the delivery of defined contribution products. Individual Life Achmea focuses on profitable growth with innovative, low-cost and simple term life products.

Despite realizing the benefits of our focus on cost reductions, the result was affected by the fair value changes related to the guarantees provided for our separate account pensions business. We are making significant progress in streamlining our existing individual life insurance (closed book) portfolio. The first efficiency benefits are emerging.

RESULTS

The Dutch life insurance market is in a challenging phase. The introduction of bank savings is shifting the market towards banks at the expense of sales in individual life insurance, which results in a decline of the individual life portfolio. Furthermore, new term life sales are under pressure due to declining activity on the housing market. Gross written premiums resulting from incoming reinsurance decreased due to a cancellation of a reinsurance contract. In our ongoing focus on value creation, not all existing contracts were continued.

As a result, in the first half of 2013 our gross written premiums decreased by 9% to € 1,690 million (H1 2012: € 1,865 million).

Profit before tax decreased to € 62 million (H1 2012: € 138 million). The results were impacted by fair value changes related to guarantees provided for our separate account pensions business. Since the first half of 2012 we have used the UFR curve to measure the liabilities of certain insurance contracts for both pension and individual life insurance. Due to interest rate increases in the first half of 2013, the UFR curve and the swap curve converged. This resulted in a lower investment income compared to H1 2012.

Some significant movements within several reinsurance contracts are reflected in the commission costs. Operating expenses decreased, if corrected for these higher commission costs in our reinsurance contracts. The decrease includes lower project costs and also results from our ongoing focus on cost and complexity reduction. Continuing efficiency improvements, driven by accelerated cost reduction goals, remain our top priority in the coming period.

The challenging market circumstances in the life business resulted in lower new business (APE) when compared to last year. Value of New Business (VNB) declined further to € -10 million (H1 2012: € -7m). VNB at Pensions is in line with 2012; the benefits of lower expenses were offset by a lower value on renewals of existing contracts.

Pension & Life Netherlands

BUSINESS LINES

Pension Insurance

The pension insurance market in the Netherlands is currently in a transitional phase. Since the start 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. The introduction of a revised IAS19 accounting rule at the beginning of 2013 adds 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.

In 2013 we are continuing to focus on effectively executing the shift from DB to DC, with our customers setting the pace. We completed the DC product range with new life cycle funds and communication tools. We attempt to minimize the interest rate sensitivity of our portfolio and develop best-of-class solutions to deal with existing DB obligations.

In the first half of 2013, gross written premiums from Pension Insurance amounted to € 591 million, a slight decrease compared to the same period a year ago (H1 2012: € 598 million). This was due to lower single premiums caused by an indexation decline, as a result of the economic situation.

Individual Life Insurance

The individual life market in the Netherlands has faced challenging circumstances in recent years, and this is likely to continue. Continuing declining mortgage sales due to the sluggish housing market pressured term life insurance, while the introduction of savings products with similar fiscal advantages has shifted the market towards the major banking players. Consumers are looking for simpler, more transparent products and services and greater cost transparency. Our strategic focus continued to be on providing innovative, low-cost and simple term life products; a product line with growth potential. In 2012 we decided to separate our closed life book business and create a dedicated organisational unit. 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. We are in the final stages of carrying out feasibility studies, with the intention of facilitating a consolidation in the Dutch market.

In H1 2013, gross written premiums decreased by 13% to € 1,099 million (2012: € 1,267 million). This decrease is attributable to a decrease in annual premiums and single premiums, mainly immediate annuities. The decrease of annual premiums was caused by lower premiums from asset accumulation products due to competition from bank savings, and lower term insurance due to the depressed housing market.

Gross written premiums resulting from the reinsurance portfolio decreased. In our ongoing focus on value creation, reinsurance contracts that do not add value are reassessed carefully. As a result, not all existing contracts were continued.

We fully implemented the unit-linked settlement. While we chose to add any compensation directly 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 for existing customers and new investment funds that have no initial costs, with customers offered the possibility to adjust their current product or switch to an alternative product for free. All our customers with unit-linked insurance – of which there were approximately 800,000 – have been informed of their individual positions and, where applicable, excessive costs have been refunded in accordance with the agreements which have been made. This was the case with around 30% of the policies.

International

- Improved operational performance and cost savings
- Direct brand Anytime in Greece contributes significantly to growth of market share
- In Turkey, Eureko Sigorta underwrote biggest insurance contract ever for Motorway Project

RESULTS INTERNATIONAL (€ million)	H1 2013	H1 2012	Δ
Gross written premiums	659	653	1%
Operating expenses	194	196	-1%
Profit before tax	**3**	**-29**	**n.m.**

GROSS WRITTEN PREMIUMS PER COUNTRY	H1 2013	H1 2012	Δ
Greece	191	209	-9%
Turkey	188	159	18%
Russia	41	32	28%
Slovakia	143	132	8%
Ireland	87	109	-20%
Other*	9	12	-25%

	30/06/2013	31/12/2012	Δ
Regulatory solvency ratio	236%	259%	-23%-pt

n.m.: not meaningful

** Other includes Bulgaria and Romania.*

GENERAL

Achmea's international business operates in seven countries: Greece, Turkey, Russia, Slovakia, Ireland, Bulgaria and Romania. We are in the process of developing a Greenfield for Rabobank customers in the agricultural sector in Australia, and expect to be active in the market during the second half of 2013. The International segment contributed 5% (H1 2012: 5%) to the Group, based on premium income attributable to the first half of 2013.

RESULTS

In 2013, gross written premiums increased by 1% to € 659 million (H1 2012: € 653 million) as a result of improved sales in Turkey, Russia and Slovakia, which offset the decline in Ireland and Greece. In Greece, our Anytime business increased market share in a declining market.

Profit before tax in H1 2013 was € 3 million against € -29 million in H1 2012. The year-on-year performance improvement was due to our continued focus on profitable growth, cost savings and improved operational performance.

Operating expenses decreased by 1% to € 194 million (H1 2012: € 196 million), thanks to the effectiveness of the overall profitability plan, including a 5% reduction in FTEs.

COUNTRIES

Greece

InterAmerican Greece operates in the non-life, health and life markets. The country continued to face an extremely challenging economic situation, which impacted growth and continued to make it difficult to predict market developments. In 2013, gross written premiums decreased to € 191 million, from € 209 million in H1 2012.

In this deteriorating market, InterAmerican Greece managed to outperform its competitors and increase market share. Our Direct brand, Anytime, contributed significantly to this growth and increased its number of policies to more than 210,000 (H1 2012: 150,000).

Turkey

Eureko Sigorta operates in Turkey's non-life and health markets. Eureko Sigorta is facing a challenging insurance market where 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 2013, our aim is to protect profitability, with enhanced focus on Bancassurance (also through the internet), and optimise our product mix.

International

Gross written premiums increased by 18% to € 188 million (H1 2012: € 159 million). In 2013, we were the leading underwriter on the Gebze Izmir infrastructure project, which is the biggest insurance policy ever written in Turkey with nearly TL 100 million (€ 42 million), of which Eureko Sigorta underwrote for TL51 million premium (€ 21 million).

Russia

Oranta operates in the non-life and health markets in Russia. Gross written premiums in the first half of 2013 were 28% higher at € 41 million (H1 2012: € 32 million) based on positive developments in all segments, and particularly in the commercial Property segment. The Russian market is growing and has a positive long-term outlook. Our target in the coming period remains to accelerate profitable growth, while developing new distribution channels and value propositions for clients and suppliers. We will continue to focus on retention and customer centricity to ensure sustainable portfolio growth.

Slovakia

Union operates in the health, non-life and life markets in Slovakia. Union is making solid progress in premium volume growth: gross written premiums increased by 8% to € 143 million (H1 2012: € 132 million), driven mainly by its Health business. As in previous years, and following the shift to being a multi-distribution company, the direct channel is becoming increasingly important (12% growth compared to H1 2012). The ongoing uncertainty surrounding the Slovakian government's decision to create a single, state-run health insurance system continues.

Ireland

Friends First Life in Ireland is active in the life market. The life market in Ireland has seen new sales volumes fall sharply since 2007. Our focus in 2013 is to preserve and gradually build long-term value by writing profitable new business only, with transparent commissions, improving retention rates, reducing costs and continuing to invest sensibly in products and IT. Although this approach reduced sales in the first half, it will result in better persistency rates and provide greater customer value for money. In the first half of 2013, gross written premiums dropped by 20% to € 87 million compared with € 109 million in H1 2012. The contribution of investment contracts decreased by 11% to € 112 million, compared to € 126 million in H1 2012.

Bulgaria

InterAmerican Bulgaria is active in the non-life and life markets. Gross written premiums decreased by 8% to € 7 million compared with € 8 million in H1 2012.

DISCONTINUED ACTIVITIES

Ireland (finance company)

Our Irish finance company went into run-off in 2009, following the deterioration of the Irish economy. The company has been successful in bringing down its outstanding loan portfolio and lowered the exposure of its finance portfolio significantly in 2012. Based on the assessment of the outstanding portfolio, no additional loan loss provisions were required in the first half of 2013.

Romania

At the beginning of 2013, we sold our Romanian life insurance and pension operations, and we expect to transfer our activities in the fourth quarter after regulatory approval. The remaining parts of the company have gone into run-off.

Banking Netherlands

- Increase in long-term saving deposits at Achmea Retail Bank
- Quality of the credit portfolio at Achmea Mortgage Bank remains strong
- Successful issuance of € 800 million Senior Unsecured Notes
- Strong Tier 1 ratios maintained

RESULTS BANKING NETHERLANDS (€ million)	H1 2013	H1 2012	Δ
Net interest margin	33	34	-3%
Realised and unrealised results	35	34	3%
Operating expenses	61	51	20%
Additions to loan loss provisions	11	8	38%
Profit before tax	**1**	**15**	**-93%**

CORE TIER 1 RATIO	30/06/2013	31/12/2012	Δ
Achmea Bank Holding	14.8%	14.2%	0.6%-pt
Staalbankiers	15.9%	14.0%	1.9%-pt

GENERAL

For Achmea, mortgage and retail banking are strategically important. We offer customers banking products and services through Achmea Bank (Achmea Hypotheekbank and Achmea Retailbank) and our private bank Staalbankiers.

RESULTS

In H1 2013, our banking activities achieved a profit before tax of € 1 million (H1 2012: € 15 million). The decrease was due to higher operating expenses of € 10 million, driven by investments in our mortgage advisory process and a one-off consideration relating to GE Artesia Bank. Fair value and net interest results remained stable. Additions to the loan loss provisions increased by € 3 million. Overall, the efficiency ratio increased from 81% to 84%.

BUSINESS LINES

Achmea Bank

In the first half of 2013, profit before tax at Achmea Bank was € 24 million compared to € 29 million in the first half of 2012. This decrease was mainly due to higher operating expenses. The bank continues to invest in the quality of the mortgage advisory process and related IT systems. Additions to the loan loss provision were slightly higher than in 2012, reflecting a conservative approach to valuing the impact of the current state of the Dutch mortgage and housing market. The additions to the loan loss provision amounted to 11 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 € 3.9 billion (year-end 2012: € 3.7 billion). The percentage of long term saving deposits increased. The current mortgage portfolio at Achmea Hypotheekbank stands at € 11.8 billion (year-end 2012: € 11.9 billion). The core Tier 1 ratio improved to 14.8% from 14.2% at year-end 2012.

Achmea Hypotheekbank successfully completed the issuance of two new tranches of Senior Unsecured Notes of € 300 million and € 500 million with maturities of 2 years and 5 years, respectively.

Staalbankiers

In 2013, Staalbankiers saw a net inflow of Assets under Management (AuM) of € 121 million to € 1,861 million (H1 2012: € 1,740 million), driven by new customers and an inflow of additional funds from existing customers. Staalbankiers was able to maintain its sound liquidity position. The core Tier 1 ratio was 15.9% (year-end 2012: 14.0%).

At the beginning of 2013, an agreement was reached with GE Artesia Bank, which involved Artesia introducing its private banking customers to Staalbankiers. The project has entered its final phase and has successfully strengthened Staalbankiers' client base.

Other

- Syntrus Achmea Assets under Management (AuM) increased by 5% to € 67 billion

RESULTS OTHER (€ million)	H1 2013	H1 2012	Δ
Total Income	139	126	10%
Operating expenses	404	322	25%
Interest expenses	43	41	5%
Other expenses	8	-3	n.m.
Profit before tax	**-316**	**-234**	**-35%**

n.m.: not meaningful

GENERAL

This segment covers our pension services, shared service centers, strategic shareholdings and holding activities.

Results

Compared to H1 2012, profit before tax in the first half of 2013 declined by € 82 million to € -316 million. For efficiency reasons, we centralized our IT infrastructure investments. Our pension charges increased due to a decreasing interest rate, which resulted in higher IFRS defined-benefit pension obligations. These developments drove our operating expenses up by 25% to € 404 million (H1 2012: € 322 million).

BUSINESS LINES

Pension Services

Syntrus Achmea provides customers with a range of fiduciary management, asset management for our real estate portfolio, and pension administration services. In the first half of 2013, Syntrus Achmea complemented its pension services by offering client-specific propositions for defined contribution schemes.

The effect of contract terminations in 2012, combined with an increase in fee income for asset management services, resulted in a decrease in total fee and commission income for Syntrus Achmea. Income was € 120 million versus € 127 million in H1 2012.

Positive developments in the equity and fixed-income market, and an increased inlay of pension fund premiums, resulted in an inflow of new assets. Assets under Management (AuM) increased by 5% to € 67 billion (year-end 2012: € 64 billion).

Impairments on property, consistent with the developments in the real estate market, resulted in a decreased real estate component of AuM (€14 billion compared to €15 billion in H1 2012).

Investments

- Conservative investment portfolio with a low risk profile maintained
- Own-risk investment portfolio decreased slightly to € 42.6 billion (2012: € 43.2 billion)
- Shift of € 800 million from government bonds to corporate bonds

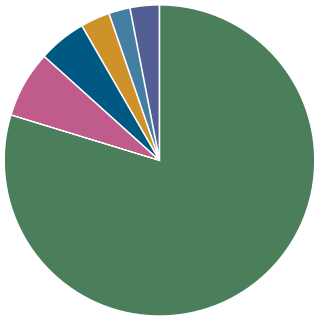
GENERAL

Our own-risk investment portfolio decreased slightly to € 42.6 billion (year-end 2012: € 43.2 billion), mainly due to derivatives and the real estate portfolio.

To increase the return on our fixed-income portfolio, we switched a part of our government bond portfolio to higher-yielding corporate bonds. We still hold a large part of our investment portfolio in government bonds. We continue to follow a sound and prudent investment policy with a low risk profile.

TOTAL INVESTMENT PORTFOLIO, 30/06/13 (€ 42.6 BILLION)

Fixed-income	79%
Deposits	7%
Derivatives	5%
Equities	3%
Alternatives	2%
Real estate	3%



Fixed-income portfolio

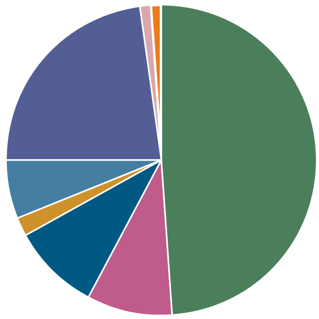
During the first half of the year, the main European interest rates went up and credit spreads tightened. As a result, our fixed-income portfolio was fairly stable at € 33.8 billion (year-end 2012: € 33.9 billion). Derivatives decreased to € 2.1 billion (year-end 2012: € 2.7 billion).

The majority of the investments (58%, or € 19.5 billion at the end of June 2013 against 65%, or € 21.8 billion, at year-end 2012) were invested in government bonds, government related bonds and government guaranteed bonds. These government bonds are predominantly Dutch, German and French. Due to the very low and thereby unattractive interest rates on these government bonds, Achmea further increased the allocation to credits. We shifted € 800 million (4%) of our Dutch, German and French government bonds to investment grade corporate bonds with relatively short maturities and high seniorities. 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 (32%, or € 10.9 billion, against 26%, or €8.7 billion, at year-end 2012). Of our corporate bonds, approximately 27% 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 remains fairly conservative. Of the fixed-income portfolio, 54% has a AAA rating. This is a small decrease compared to the end of 2012 (56%). Only 2% of our portfolio is non-investment grade, while 1% is not rated.

RELATIVE POSITION OF FIXED-INCOME INVESTMENT BY NATURE, 30/06/13 (€ 33.8 BILLION)

Governement bonds	49%
Governement related and guaranteed bonds	9%
Loans and mortgages	9%
Asset backet bonds	2%
Covered bonds	6%
Corporate bonds	23%
Convertible bonds	1%
Fixed-income funds	1%



FIXED INCOME PORTFOLIO BY RATING	30/06/13	31/12/12
AAA	54%	56%
AA	18%	21%
A	14%	11%
BBB	11%	9%
<BBB	2%	1%
Not rated	1%	2%
Total	**100%**	**100%**

At the end of June 2013, our sovereign exposure to GIIPS countries (Greece, Ireland, Italy, Portugal and Spain) amounted to € 615 million (year-end 2012: € 668 million), which is only 1.8% (year-end 2012: 2.0%) of our fixed-income portfolio. This decrease is mainly due to our decision to reduce our exposure to Spain, Portugal and Italy. Our exposure to Greece (€ 10 million) and Ireland (€ 524 million) relates exclusively to our local business activities. We experienced a slight increase in these positions as the result of positive financial market developments (lower risk premiums).

TOP 5 SOVEREIGN EXPOSURE (€ MILLION)

	30/06/13	31/12/12	RATING
The Netherlands	10,169	10,592	AAA
Germany	3,544	4,398	AAA
France	1,525	1,792	AA
Ireland	524	511	BBB
Finland	446	532	AAA

SOVEREIGN EXPOSURE GIIPS COUNTRIES (€ MILLION)

	30/06/13	NOMINAL VALUE	31/12/12	NOMINAL VALUE
Greece	10	23	11	27
Ireland	524	480	511	481
Italy	31	34	50	49
Portugal	24	27	48	48
Spain	26	24	48	48
Total	**615**	**588**	**668**	**653**

Equity and alternatives portfolio

Equities rose in the first half of 2013, with the exception of emerging markets equities. Non-cyclical sectors performed relatively well. In June, the financial markets reacted negatively to signs of the Quantitative Easing programme being moderated later this year. The first half of 2013 was also positive for the alternative investments portfolio. In particular, infrastructure and hedge funds showed strong returns. However, commodities showed negative returns.

At 30 June 2013, our equity portfolio was higher at € 1,083 million (year-end 2012: € 948 million), which is 2.5% of our own investment portfolio. The increase is attributable to higher equity markets and additional investments in developed markets and emerging markets. Of our equity portfolio, 85% was invested in developed markets. This includes a 9% position in participations (>5%), which benefit favourably from Dutch (fiscal) participation exemption. The other 15% 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 at the same level at € 1.0 billion (year-end 2012: € 1.0 billion), which is 2.4% of the total investment portfolio.

Real estate portfolio

For Dutch real estate, the uncertainty about an economic recovery and government policies resulted in cautious investors and further decreases in the valuation of the real estate portfolio.

At the end of June 2013, our real estate portfolio amounted to € 1.4 billion (year-end 2012: € 1.6 billion), which is 3% of our own investment portfolio. The portfolio consists of € 1.1 billion of direct real estate and € 0.3 billion of indirect real estate. The direct real estate portfolio consists of 36% residential, 31% offices, 28% retail and 5% other real estate. The real estate market in the Netherlands is sluggish, and this is especially the case for the office market. Downward revaluations in the first half of 2013 amounted to € 36 million of this portfolio (H1 2012: € 39 million), mainly on the office market.

Condensed Consolidated Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONDENSED CONSOLIDATED INCOME STATEMENT

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BEFORE APPROPRIATION OF RESULT)

(€ MILLION)

	30 /06/ 13	31/12/12	01/01/12
Assets			
Intangible assets	1,565	1,639	1,573
Associates	**96**	92	87
Property for own use and equipment	**613**	619	648
Investment property	1,111	1,172	1,243
Investments	41,450	42,001	41,113
Investments backing linked liabilities	24,675	24,972	23,314
Banking credit portfolio	16,366	16,436	16,932
Deferred tax assets	532	385	398
Deferred acquisition costs	178	198	233
Amounts ceded to reinsurers	1,040	968	855
Receivables and accruals	12,037	5,232	4,589
Cash and cash equivalents	2,185	1,078	1,325
	101,848	**94,792**	**92,310**
Assets classified as 'held for sale'	39	38	10
Total assets	**101,887**	**94,830**	**92,320**
Equity			
Equity attributable to holders of equity instruments of the Company	9,742	10,463	10,438
Non-controlling interest	21	20	6
Total equity	**9,763**	**10,483**	**10,444**
Liabilities			
Insurance liabilities	45,437	38,911	37,523
Insurance liabilities where policyholders bear investment risks	21,658	22,259	20,771
Investment contracts	2,067	2,123	2,193
Post-employment benefits	586	755	179
Other provisions	272	282	273
Banking customer accounts	5,916	5,351	5,001
Loans and borrowings	10,606	9,625	11,086
Derivatives	1,481	1,779	1,586
Deferred tax liabilities	126	54	195
Income tax payable	63	86	100
Other liabilities	3,873	3,084	2,942
	92,085	**84,309**	**81,849**
Liabilities classified as 'held for sale'	39	38	27
Total equity and liabilities	**101,887**	**94,830**	**92,320**

CONDENSED CONSOLIDATED INCOME STATEMENT

(€ MILLION)

	H1 2013	H1 2012
Income		
Gross written premiums Non-life	2,371	2,334
Gross written premiums Health*	13,425	13,781
Gross written premiums Life	1,819	2,023
Gross written premiums	**17,615**	**18,138**
Reinsurance premiums	-408	-410
Change in provision for unearned premiums (net of reinsurance)	-7,187	-7,397
Net earned premiums	**10,020**	**10,331**
Income from associates	1	3
Investment income	500	574
Realised and unrealised gains and losses	-191	474
Income from investments backing linked liabilities	103	1,140
Banking income	361	383
Fee and commission income, and income from service contracts	213	226
Other income	27	44
Total income	**11,034**	**13,175**
Expenses		
Claims and movements in insurance liabilities	9,817	10,217
Claims and movements in insurance liabilities ceded to reinsurers	-133	-275
Profit sharing and bonuses	4	771
Movements in insurance liabilities where policyholders bear investment risks	-663	321
Fair value changes and benefits credited to investment contracts	41	29
Operating expenses	1,475	1,454
Banking expenses	269	315
Interest and similar expenses	43	38
Other expenses	102	136
Total expenses	**10,955**	**13,006**
Profit before tax	**79**	**169**
Income tax expenses	-44	-41
Net profit	**123**	**210**
Net profit attributable to:		
Holders of equity instruments of the Company	123	209
Non-controlling interest	0	1
Average number of outstanding ordinary shares	400,484,892	400,143,486
Earnings per share from continuing operations (euros) and diluted earnings per share from continuing operations (euros)	0.16	0.38

** Gross written premiums within Health Netherlands are based on the annual contractual premiums. In previous years, gross written premiums were based on monthly premiums to be earned. Comparative figures are adjusted accordingly.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(€ MILLION)

	H1 2013	H1 2012
Cash and cash equivalents at 1 January	**1,078**	**1,325**
Cash flow from operating activities	381	-85
Cash flow from investing activities	-51	478
Cash flow from financing activities	777	-257
Net cash flow	**1,107**	**136**
Cash and cash equivalents at 30 June	**2,185**	**1,461**
Cash and cash equivalents include the following items:		
Cash and bank balances	1,731	1,337
Call deposits	454	124
Cash and cash equivalents at 30 June	**2,185**	**1,461**