Press Release

14 August 2014 - Achmea Interim Results 2014

Acceleration & Innovation change programme on track

Operational result increases to €142 million

- Write-down of goodwill and reorganisation expenses lead to €58 million net loss
- Acceleration & Innovation on track:
  - Various innovations launched for our customers
  - Distribution organisation simplified for improved customer service
  - Operating expenses fall by 3%
- Improved financial position: current solvency ratio of 217% (IGD)

Willem van Duin, Chairman of the Executive Board:

"We have made progress in a large number of areas over the past six months through our change programme, Acceleration & Innovation, which we launched in late 2013. Several initiatives designed to provide even better services to customers, particularly online, are currently underway or have already been completed. We have also integrated our direct and brokerage distribution organisations, which will enable us to serve customers even better within a less complex organisation. Operating expenses fell by 3%; this reduction represents an essential part of our change programme. Achmea's inevitable workforce reduction is on schedule, where the interests of the employees concerned are naturally very carefully considered.

The operational result increased during the first six months of the year – to €142 million – thanks to greater profitability across virtually our entire insurance business. The net result was affected by a number of factors, including a €143 million write-down of goodwill for pension services provider Syntrus Achmea and the Russian-based insurance company Oranta. We also incurred €45 million in expenses in connection with our company-wide reorganisation. These items contributed to the €58 million net loss.

However, despite this loss our financial position has remained solid, with the solvency ratio increasing to 217%. The confirmation of Standard & Poor's A+ credit rating for our insurance entities demonstrates that we are and remain a reliable financial partner for both customers and other stakeholders.

Although the first results of Acceleration & Innovation are promising, the significance of our change programme will remain substantial in the coming years. Achmea will become a more customer-driven, dynamic and competitive organisation, and we will make every effort to achieve our objectives. Costs must be further reduced, and we will continue to work on developing online services. We are implementing these measures so as to be able to continue to invest in new digital solutions for our customers, maintain the current high rate of customer satisfaction, and remain a financially healthy company in the future."

ACHMEA INTERIM RESULTS 14 AUGUST 2014

A conference call for media is scheduled for 11am CET on this date.
Media representatives are invited to call in at: +31 20 53 15 850.
A conference call for analysts is scheduled for 2pm CET on this date.
Analysts are invited to call in at: +31 20 53 15 851.
For more information, please visit www.achmea.com

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Group results

GROUP DEVELOPMENTS

Acceleration & Innovation on track

During the first six months of this year, we already implemented several specific improvements in our business operations as part of the Acceleration & Innovation change programme. We are currently on track with the plans we announced at the end of last year, and are determined to achieve our objectives. We are implementing our plan based on the building blocks “customer driven”, “competitive costs” and “responsible returns”.

Customer-driven

We continued to listen to our customers and made their views and opinions an integral part of our operations. Almost all Achmea brands maintain their own customer council, which give customers a platform to discuss and provide advice on products and services, as well as address current social issues to which our brands must respond in order to be prepared for the future. In addition, a large number of the members of the Vereniging Achmea Member Council are drawn from the customer councils, thereby creating a stable structure in which customers are given a say. Our willingness to really listen to our customers’ ideas is evident from several changes FBTO made to the terms of its contents insurance.
Based on feedback from the members of online community Onderling.nl, it now also covers damage caused by power outages.

The integration of our direct and brokering distribution division into the new division Centraal Beheer Achmea became effective on 1 July. One of the main conclusions of our market analyses is that customers want to decide themselves when and how they would like to be served. We need to organise ourselves across channels to ensure that customers can genuinely make that choice. In merging our distribution divisions, we have come one step closer to achieving this objective.

We have already implemented several innovative solutions for our customers, including the Social Hub, which Interpolis uses to proactively contact customers through social media, and the Vakantiedokter [“Holiday Doctor”] app offered by Zilveren Kruis Achmea. This app allows holidaymakers to directly consult a medical expert in their own language, with the option to send pictures if necessary. A pilot project is currently underway which allows passengers departing from Schiphol or Eindhoven Airport to receive offers for travel insurance on their tablet or smartphone. These are just some of the examples of how we use new technologies to accommodate the needs of customers who wish to manage their insurance business at a time that suits them.

In the immediate future, we will remain fully dedicated to further digitisation in order to serve our customers better, including through the smart use of available information concerning our customers and their needs.

Competitive costs

The changes we intend to implement in our business operations are right on schedule. Operating expenses were reduced by 3% over the past six months. Achmea’s inevitable workforce reduction progresses on schedule, with the interests of the employees concerned naturally being very carefully considered. We are pleased that we have been able to reach agreement with the unions on a new redundancy plan which honours the commitment and dedication – often over a period of many years – of the valued employees who have been made redundant as a result of this reorganisation. We feel it is very important to continue acting as a good employer even during these trying times. The fact that appreciation for Achmea as an employer remains high is evidenced, for example, by the fact that it ranked first in the Insurers and Pension Funds category in the Netherlands in an image survey conducted by current-affairs weekly Intermediair in June of this year.

The proposed integration of our Agis and TakeCareNow! brands into Zilveren Kruis Achmea will help us save costs and puts us in a better position to procure the highest-quality healthcare services for customers, thereby improving the quality of our insurance products and keeping health insurance premiums affordable in the process. We have also been successful in significantly downsizing our support staff departments. Meanwhile, we also remain focused on further reducing costs, for example by reducing the complexity of our IT systems.

Responsible returns

Improving profitability to achieve responsible returns represents an important part of Acceleration & Innovation. Over the first half of this year we see the continued positive effect of the various steps we have taken on our income insurance portfolio, for example through a continued focus on claims management.

During this period, we also decided to sell some of our health centres and close down others as we no longer need to continue owning and operating these centres in order to further implement Zilveren Kruis Achmea’s health and vitality policy. We also sold our 50% stake in Myler.

We are encouraged by the fact that we have remained highly competitive in the market: our brands continue to be greatly valued by their customers. Centraal Beheer Achmea, Interpolis and FBTO all managed to increase their sales of Property & Casualty products in the consumer market. Centraal Beheer Achmea's legal expenses insurance came out on top in a comparative test conducted by the Consumers' Association in May of this year. Interpolis and Centraal Beheer Achmea, meanwhile, have also seen their customer base increase in the business market, while Avéro Achmea continues to be a strong player in the brokerage channel. Not surprisingly, four Achmea brands were listed in the top 10 of strong insurance brands in a recent independent survey conducted by Interbrand and AM, with Centraal Beheer Achmea ranking first and Interpolis ranking second.

In June, the Netherlands Authority for the Financial Markets (AFM) sent Achmea the 2013 results for its annual Customer Centricity programme, which evaluates the largest financial services providers in the Netherlands based on a number of criteria relating to the Customer Centricity aspects of its business operations. While Achmea, with a total score of 3.3 on a scale of 5, performed better than in 2012 (3.0), it remained slightly below the average score for the industry for 2013 (3.5). We received high marks for Savings Policy and Complaints Management, while achieving weaker scores in the Pensions and Customer Contact categories. The AFM scores provide us with a solid basis for further improving our business operations.

Furthermore, we have heeded AFM's appeal to the insurance industry to continue investing in interaction with the public in a number of ways, including through our "Volgens Nederland" ["Holland Says"] initiative and the "Huiskamergesprekken" ["Living Room Chats"], which we are organising throughout the Netherlands. Through an Achmea Corporate Relations initiative we engage in discussion with top Dutch business executives on a variety of issues of interest to them, while we also hold round tables – about the sharing economy and other topics – based on Customer Centricity and stakeholder dialogue based on Corporate Social Responsibility.

With roots as a cooperative organisation, we are a vital part of the community and are mindful of the interests of all stakeholders. This is backed-up by a recent survey conducted by research company Sustainalytics, which found Achmea to be a leader in the insurance sector on the strength of its environmental, social and corporate governance policies. Furthermore, recent repeat surveys held by Eerlijke Verzekeringswijzer [the "Honest Insurance Guide"] demonstrate that Achmea has implemented specific improvements in its investment strategy in relation to human rights, labour rights, climate, health and the natural environment. This applies to both our investments and our business operations. Eerlijke Verzekeringswijzer has also positively assessed the way Achmea uses its influence to improve the healthcare available to populations in developing countries bearing in mind that, in 2014, one-third of the global population has no access to medication. Achmea makes above-average investments in pharmaceutical companies dedicated to promoting access to medication in developing countries.

Changes to the Executive Board

With the appointment from within our own organisation of Henk Timmer as the Executive Board's Chief Risk Officer, the Executive Board is now fully constituted. Solid risk management is essential for a cooperative insurance company with a prudent risk profile such as Achmea, all the more so given the increased complexity for insurers and the challenging change process we initiated through the launch of Acceleration & Innovation.

Group results

KEY FIGURES (€ MILLION)

FINANCIAL RESULTS	H1 2014	H1 2013	Δ
Gross written premiums	17,017	17,611	-3%
Net earned premiums	9,194	9,797	-6%
Investment income including associates	1,752	310	N/M
Fee and commission income	204	211	-3%
Other income	1,681	493	N/M
Total revenues	**12,831**	**10,811**	**19%**
Claims and movements in insurance liabilities	10,917	8,845	23%
Operating expenses	1,423	1,473	-3%
Other expenses	537	414	30%
Total expenses	**12,877**	**10,732**	**20%**
Operational result	142	84	69%
Result before tax	-46	79	N/M
Net result	-58	123	N/M

BALANCE SHEET	30.06.2014	31.12.2013	Δ
Total assets	99,710	94,544	5%
Total equity	9,684	9,702	0%

SOLVENCY	30.06.2014	31.12.2013	Δ
Solvency I ratio Group (FCD)	220%	203%	17%-pts
Solvency I ratio insurance entities (IGD)	217%	202%	15%-pts

FTEs	30.06.2014	31.12.2013	Δ
FTEs (internal)	17,890	18,461	-3%

** N/M: not meaningful.*

FINANCIAL RESULTS

Group results

Achmea posted an operational result of €142 million for the first six months of 2014, representing an increase over the €84 million operational result for the same period last year. This increase is due mainly to improved profitability of virtually all our insurance activities and further reduced operating expenses – by 3% for H1 2014 – to €1.4 billion. Mainly as a result of €143 million in write-downs on goodwill and intangible fixed assets relating to our pension services business, Syntrus Achmea, and our Russian-based insurer Oranta, we posted a net loss of €58 million for the first half of 2014 (H1 2013: €123 million profit). Our gross written premiums fell by 3% to €17.0 billion (H1 2013: €17.6 billion). Achmea remains the market leader in the Dutch non-life and health insurance markets. Our financial position remained solid, with IGD solvency increasing to 217% (year-end 2013: 202%).

Achmea experienced a strong first half of the year, in line with operational and commercial expectations. Operating profits from our Property & Casualty business remained stable, and we managed to increase our market share despite continued tough competition. We also continued to increase the profitability of our Income Protection insurance business during the first few months of 2014. Earnings from our Health insurance business remained stable during the first few months of the year. In the Pension and Life insurance business, we implemented successful measures to further reduce complexity and risk. Coupled with interest-rate trends, this resulted in a better result than for the same period last year.

Goodwill write-down and other nonrecurring items

Our net result during the first half of 2014 was strongly affected by the write-down of goodwill and other intangible fixed assets relating to our pension services provider Syntrus Achmea and Russian-based insurance company Oranta. These write-downs reduced profit by €143 million. At Syntrus Achmea, persistently lower profit margins and the loss of a major contract will result in a lower projected return in the future, and, consequently, in the write-down of goodwill and other intangible fixed assets in the amount of €78 million. Significantly lower growth and profit expectations, changes in Russian legislation and the current economic uncertainty in Russia put continued pressure on profitability. This has resulted in a €65 million goodwill write-down on Oranta.

In addition, our net result for the first few months of 2014 was also affected by reorganisation costs related to our Acceleration & Innovation change programme. These costs reduced profit by €45 million. In light of projected expenses arising from decisions related to the personnel impact of the restructuring of our distribution organisation and downsizing of support staff departments, we made a reorganisation provision. On account of the recent decision – in line with our management agenda – to sell some of our health centres and close down others, we made a provision relating to staff redundancies and the closure of several locations which have not been sold.

OPERATIONAL RESULT (€ MILLION)

	H1 2014	H1 2013
Operational result	**142**	**84**
Write-downs intangibles	143	-
Reorganisation expenses	45	-
Mergers & acquisitions	-	5
Result before tax	**-46**	**79**

Operating expenses

Structurally reducing costs for our customers is an integral part of our efforts to make our organisation even more customer-oriented. In fact, one of the components of the Acceleration & Innovation change programme is aimed at achieving competitive cost levels. Our operating expenses fell by 3% in the first half of 2014, to €1,423 million (H1 2013: €1,473 million). The number of jobs at the company was further reduced in the first six months of 2014. The total number of employees (FTEs) fell by 571 (3%) to 17,890 (year-end 2013: 18,461). We will continue to press ahead with reducing our costs in the period ahead, and maintain our ambition of cutting our operating expenses by €450 million on a long-term basis by the end of 2016.

In 2014, we introduced a new method for allocating costs relating to activities of support departments to the business units. This provides a clearer view of the operational performance of individual segments. The new method will not affect group profits, but they will have an impact on the operating expenses and profits accounted for in the segments. In order to allow for an accurate comparison, we have reported the difference in operating expenses for 2014 based on the new and old system.

Segment results

Our Dutch Non-Life insurance business experienced a good first half of the year, in which we continued to increase the profitability of our Income Protection insurance portfolio. Revenue from Property & Casualty increased slightly, particularly thanks to the strong commercial performance and volume growth of Centraal Beheer Achmea and Avéro Achmea in a shrinking market. Written premiums in our Income Protection insurance business were down, partly due to our measures to restore profitability.

Results from our Health insurance business remained almost unchanged during the first few months of the year, including the positive effects of our effective healthcare procurement policies. Revenue was down as a result of the lower premiums we introduced for our policyholders, the lower number of policyholders and lower written premiums from supplementary health insurance.

Although we benefited from interest-rate trends in our Pension and Life insurance business during the first few months of the year, revenue remained down partly as a result of the termination of a number of separate accounts and the shift from individual life insurance policies to bank savings products.

Operational result from our international insurance business remained unchanged, but the goodwill write-down on Oranta resulted in a substantial loss before tax of €62 million. Meanwhile, written premiums decreased, mainly due to exchange-rate fluctuations and the persistently challenging markets.

CAPITAL MANAGEMENT

Equity

At €9,684 million, Achmea's equity in the first half of 2014 remained virtually equal to last year (year-end 2013: €9,702 million). The net loss of €58 million and €164 million in dividend and coupon payments to shareholders and bondholders was offset by an increase in the revaluation reserve. We paid our shareholders a total of €120 million in dividends for 2013, and in addition we paid a total of €25 million in preferred dividends and €19 million in coupons and hybrid capital instruments.

Due to lower market interest rates and higher stock market indexes, the revaluation reserve (in "Other Comprehensive Income") increased by €192 million overall in the first six months of 2014. Due to the lower interest rates, the unrealised revaluation on our fixed-income portfolio increased by €869 million, of which €711 million was allocated to the Fund for Future Appropriation (FFA) and not included in the revaluation reserve for shareholders. The FFA is a provision to cover commitments to our customers with life insurance policies, relating to investment results not yet included in the profit appropriation. Owing to higher share prices and stock market indexes in the first six months of 2014, the unrealised revaluation on Available-for-Sale shares and other investments increased by €57 million. Finally, other realisations and write-downs resulted in a loss of €23 million.

The currency reserve increased by €5 million on account of the stronger Turkish lira and the weaker Russian ruble. A total of €7 million in unrealised actuarial losses was finally taken directly to equity in connection with the pension obligation.

EQUITY (€ MILLION)

Total equity as at 31 December 2013	**9,702**
Net result	-58
Dividend and coupon payments to shareholders and bondholder	-164
Changes in revaluation reserve in Other Comprehensive Income	192
Changes in FX-reserves	5
Changes in pension commitments and investments	-7
Other changes	14
Total equity as at 30 June 2014	**9,684**

Solvency (Solvency I)

Our IGD solvency ratio (after de-consolidation of our banking activities) increased by 15 percentage points in the first half of 2014 to 217% (year-end 2013: 202%). Available capital rose by €299 million to €8,253 million following an improvement of the liability adequacy test of the Dutch life insurer and the allocation of the profit after adjusting for the goodwill write-down and other intangible fixed assets. The capital requirement decreased by €148 million to €3,799 million, mainly as a result of the lower statutory capital adequacy requirement for our Pension and Life Insurance business as a result of the termination of several separate accounts and increased reinsurance within the Life insurance business. Achmea uses the ECB AAA yield curve, including an ultimate forward rate (UFR) in performing the liability adequacy test. If the UFR were not applied, the IGD solvency ratio as at 30 June 2014 would be roughly 20 percentage points lower, whereas as at 31 December 2013 this negative effect was approximately 10 percentage points. The FCD solvency ratio increased by 17 percentage points in the first six months of 2014 to 220% (year-end 2013: 203%).

Achmea Bank's Core Tier 1 Ratio increased to 18.8% (year-end 2013: 15.9%), while the Core Tier 1 Ratio of Staalbankiers fell to 16.0% (year-end 2013: 17.0%).

SOLVENCY I (€ MILLION)

	30.06.2014	31.12.2013	Δ
Available capital	8,253	7,954	4%
Required capital	3,799	3,947	-4%
Solvency I ratio (IGD)	**217%**	**202%**	**15%-pts**

Solvency (Solvency II)

In 2014, we calculated the capital adequacy requirements based on Solvency II principles for all our insurance entities on the basis of data available as at 31 December 2013, where both the standard model for Solvency II and our internal models were used. Since the technical specifications used vary from one another, the results of these new calculations cannot automatically be compared with the results of the full-year run based on the data available as of 31 December 2012.

As at 31 December 2013, our Solvency II solvency ratio was 196%. This ratio consists of €9.1 billion eligible own funds to cover the capital adequacy requirement and a €4.6 billion capital adequacy requirement. This solvency ratio was calculated using our partial internal model, including the use of a volatility adjustment in our economic balance sheet. Our calculations are based on prudent assumptions; for example, we did not factor in the measures for processing long-term guarantees (“matching adjustment”) and a number of other transitional measures which may be introduced under the Solvency II framework. Since the technical specifications of Solvency II are still being finalised by EIOPA, changes may be implemented in relation to the assumptions we used in the full-year run based on the results as at 31 December 2013.

Financing

A solid financial position is a prerequisite for long-term compliance with the commitments we made with our customers. In the first half of 2014, we repaid a total of €750 million on a 7.375% senior unsecured bond loan.
Our fixed-charge coverage ratio – which reflects the relationship between fixed financing expenses and earnings before interest, tax, depreciation and amortisation (EBITDA) – was 4.6, based on the past four quarters.

Non-Life Netherlands

- Property & Casualty portfolio grows in contracting market
- Profitability of Income Protection insurance continues to increase

RESULTS*			(€ MILLION)
	H1 2014	H1 2013	Δ
Gross written premiums	2,036	2,022	1%
Operating expenses	472	385	23%
Result before tax	**77**	**177**	**–56%**

KEY FIGURES	H1 2014	H1 2013	Δ
Claims ratio	69.0%	72.2%	-3.2%-pts
Expense ratio	30.1%	24.8%	5.3%-pts
Combined ratio	**99.1%**	**97.0%**	**2.1%-pts**

PROPERTY & CASUALTY KEY FIGURES	H1 2014	H1 2013	Δ
Claims ratio	66.9%	67.9%	-1.0%-pts
Expense ratio	31.0%	25.5%	5.5%-pts
Combined ratio	**97.9%**	**93.4%**	**4.5%-pts**

INCOME PROTECTION KEY FIGURES	H1 2014	H1 2013	Δ
Claims ratio	77.4%	88.6%	-11.2%-pts
Expense ratio	26.3%	22.9%	3.4%-pts
Combined ratio	**103.7%**	**111.5%**	**-7.8%-pts**

	30.06.2014	31.12.2013	Δ
Solvency ratio	268%	237%	31%-pts

* 2014 Based on the modified cost-allocation method.

GENERAL INFORMATION

Achmea is the market leader in the Dutch property & casualty and income protection insurance markets. Centraal Beheer Achmea, Interpolis, FBTO, InShared and Avéro Achmea offer customers a wide selection of car, contents and liability insurance products. In addition, we also provide various types of individual and group accident and sickness insurance and disability income insurance. We serve our customers through direct, banking, broker and agent channels, tailoring our services to their requirements.

Financial results

During the first six months of 2014, result before tax for the Non-Life Netherlands segment was €77 million (H1 2013: €177 million). This decline in profit is the result of the new allocation method and lower investment income. In terms of insurance performance, our non-life activities performed better than in the first half of 2013. Gross written premiums increased slightly to €2,036 million (H1 2013: €2,022 million). Operating expenses increased to €472 million (H1 2013: €385 million), while costs allocated to the segment increased by roughly €82 million. Adjusted for the higher cost allocations, the expense ratio would be 24.8% (H1 2013: 24.8%) while the combined ratio was 93.8% (H1 2013: 97.0).

SEGMENTS

Property & Casualty

Result before tax from our property & casualty insurance business was €41 million (H1 2013: €164 million), with higher cost allocations to the segment being the main cause of the lower profit. Furthermore, investment income was more than €40 million lower than in the first half of 2013, mostly because we achieved a one-off profit in 2013 on fixed-income securities and equities following the sale of one of our investment portfolios.

During the first half of 2014, our individual and corporate customers filed a larger number of claims – as well as more substantial claims – as a result of personal injury and vehicle damage. In addition, two major storms caused significant damage to the property of our policyholders, of which we paid out a total of roughly €15 million. Our SME customers filed fewer claims in the past year. The total number of claims fell slightly overall, mainly because this year saw less substantial fire damage (and, consequently, fewer fire-related claims) than the previous year.

Gross written premiums from our Property & Casualty business increased by 2% in the first half of 2014, to €1,540 million (H1 2013: €1,514 million). The Dutch Property & Casualty market has contracted slightly in recent years, and as a result of higher written premiums we managed once again to gain a higher share in this market during the first half of 2014. The higher written premiums during the first half of 2014 were driven mainly by the portfolio growth of Centraal Beheer Achmea and Avéro Achmea in commercial lines. Operating expenses increased to €392 million in H1 2014 (H1 2013: €311 million), while the expense ratio rose to 31.0% (H1 2013: 25.5%). The new cost allocation method, in particular, was a key factor in this increase. The combined ratio increased to 97.9% (H1 2013: 93.4); the claims ratio improved to 66.9% (H1 2013: 67.9%).

Income Protection

Result before tax from our income protection insurance products was €36 million (H1 2013: €13 million). Profits from our accident and sickness insurance and our individual disability income insurance for businesses increased thanks to our continuous focus on improving claims management and on account of the lower absenteeism rates for our accident and sickness insurance. The various steps we have taken in previous years to improve return on our group disability income insurance portfolio helped drive profit.

Gross written premiums from our income protection business fell by 2% in the first half of 2014, to €496 million (H1 2013: €508 million). In addition to reducing the number of claims, lower rates of absenteeism also drive down demand for income protection insurance. Operating expenses in the first half of 2014 increased to €80 million (H1 2013: €74 million), including as a result of the new cost allocation method. The combined ratio improved to 103.7% overall in H1 2014 (H1 2013: 111.5%).

Health Netherlands

- Stable result; continued control over healthcare expenses
- Lower written premiums following lower health insurance premiums for our customers
- Reform of long-term care a key focus in the immediate future

RESULTS* (€ MILLION)

	H1 2014	H1 2013	Δ
Gross written premiums	12,806	13,249	-3%
Operating expenses	315	266	18%
Result before tax	**159**	**152**	**5%**
Of which: Basic Health	**113**	**118**	**-4%**

KEY FIGURES	H1 2014	H1 2013	Δ
Claims ratio	94.8%	94.9%	-0.1%-pts
Expense ratio	4.6%	3.8%	0.8%-pts
Combined ratio	**99.4%**	**98.7%**	**0.7%-pts**

BASIC HEALTH KEY FIGURES	H1 2014	H1 2013	Δ
Claims ratio	96.1%	95.9%	0.2%-pts
Expense ratio	3.4%	2.8%	0.6%-pts
Combined ratio	**99.5%**	**98.7%**	**0.8%-pts**

SUPPLEMENTARY HEALTH KEY FIGURES	H1 2014	H1 2013	Δ
Claims ratio	82.6%	86.2%	-3.6%-pts
Expense ratio	10.7%	9.2%	1.5%-pts
Combined ratio	**93.3%**	**95.4%**	**-2.1%-pts**

	30.06.2014	31.12.2013	Δ
Solvency ratio	195%	185%	10%-pts

* 2014 Based on the modified cost-allocation method.

GENERAL INFORMATION

Zilveren Kruis Achmea, Agis, De Friesland Zorgverzekeraar, Interpolis and our other brands offer basic and supplementary health insurance for individual consumers, group basic and supplementary health insurance for businesses, and health services, serving a total of more than 5 million policyholders.

Financial results

Result before tax from our basic health insurance totalled €113 million for H1 2014, down 4% from the €118 million for the same period last year. Including contributions from voluntary supplementary health insurance, result before tax from our Health Netherlands segment was €159 million (H1 2013: €152 million). This was the result of lower compensation for healthcare expenses also due to the strong results of our healthcare procurement policy, as well as the result of lower written premiums and the new cost allocation method. Gross written premiums in our Health Netherlands segment fell during the first half of 2014 by 3% to €12,806 million (H1 2013: €13,249 million). The decline was caused by the reduction of roughly €100 per insurance policy in the basic insurance premiums for our policyholders, a lower number of policyholders, and lower additional cover. The decline was offset in part by a higher contribution from the Dutch risk equalisation pool ["Zorgverzekeringsfonds"]. Operating expenses totalled €315 million (H1 2013: €266 million), while costs allocated to the segment increased by roughly €46 million. The increase in the expense ratio is almost entirely the result of the higher cost allocations. If adjusted for the effect of the higher cost allocations, the expense ratio is approximately 0.7 percentage point lower than the ratio listed in the table, while the combined ratio is equal to 2013.

The solvency of the Health Netherlands segment increased to 195% (year-end 2013: 185%) due to increased available capital as a result of the profit earned during the first half of 2014. A good solvency ratio is important to enable us to meet our obligations to customers, even if healthcare expenses turn out higher than projected. The transfer of parts of the Exceptional Medical Expenses Act (AWBZ) to the Health Insurance Act on January 1, 2015 will lead to higher capital requirements for health insurers. As a result, our capital is expected to decline by between 10 and 15 percentage points, a decline which we can offset very well with our accumulated capital.

Achmea and Dutch healthcare providers in 2013 significantly increased the speed with which hospitals were contracted, allowing us to inform policyholders as early as mid-November of the hospitals contracted. Preparations are currently underway to ensure they can be notified at an even earlier stage in 2014.

We are preparing as effectively as possible for the reform of the system for long-term healthcare, as implemented by the current Dutch government. As part of these reforms, entitlements under the Exceptional Medical Expenses Act are transferred to the Health Insurance Act and to the Social Support Act. This transfer is in line with policyholders' desire to remain in charge of their own lives as long as possible, even in cases where care and support are needed. The most significant change for Achmea with effect from 1 January 2015 is the transfer of district nursing services (home care services) to the Health Insurance Act. This enables us, as a health insurance company, to do significantly more for our policyholders in their home situation than was the case under the Exceptional Medical Expenses Act. The total cost associated with the transfer of district nursing services (payable by Achmea) is roughly €1 billion. One point of concern is the fact that the quality of the risk equalisation system is currently inadequate in terms of allowing insurers to bear the full risk of district nursing (home care) services at this stage. Another point of note is the approximately €400 million in cost cuts to be implemented in district nursing/home care services nationwide in 2015, as ordered by the Dutch government, and the lack of sufficient management tools available to insurers to achieve this objective. Together with municipal authorities, we will facilitate the smooth transfer of duties from the Exceptional Medical Expenses Act to the Social Support Act, so as to prevent a situation where residents fall by the wayside and do not receive the care they need. Meanwhile, Achmea continues to procure €5.1 billion in services on behalf of the government under the stripped-down Exceptional Medical Expenses Act for roughly 5.4 million people across the ten Achmea health facility regions.

SEGMENTS

Basic Health

Result before tax from our basic health operations was €113 million (H1 2013: €118 million). Gross written premiums from our basic health insurance products increased by 4% during the first half of 2014, to €11,412 million (H1 2013: €11,848 million). The decline was caused by the reduction in basic health insurance premiums for our customers in 2014 and a lower number of policyholders than in 2013. The decline in gross written premiums was offset in part by a higher contribution from the risk equalisation pool due to an increase in standard amounts. This is related to the Dutch healthcare system, introduced in 2006, under which insurers are required by law to accept all individuals for basic health insurance under the same terms and conditions. Risk equalisation compensates health insurers for differences in the composition of their insured population. Health insurance companies receive an annual equalisation contribution from the equalisation fund, the amount of which depends on the actual population insured. Several risk categories are identified within what is referred to as "equalisation characteristics" (e.g. age, sex and medication consumption of policyholders during the previous year). The Minister of Health, Welfare and Sport subsequently fixes the standard amounts for each equalisation characteristic and each risk category, based on the average expected healthcare expenses for an insured person in that risk category. For each policyholder, health insurance companies receive the standard amount based on the risk category in which the policyholder is classified.

Operating expenses increased to €196 million (H1 2013: €161 million), mainly as a result of the new cost allocation method. Coupled with the lower written premiums, this resulted in a higher combined ratio of 99.5% (H1 2013: 98.7%). The claims ratio and expense ratio increased to 96.1% (H1 2013: 95.9%) and 3.4%, respectively (H1 2013: 2.8%).

Supplementary health

Result before tax from our supplementary health insurance business totalled €50 million (H1 2013: €35 million). Through a nonrecurring item, gross written premiums remained virtually level at €1,379 million (H1 2013: €1,386 million), despite a decline in the supplementary health portfolio. The number of policyholders with supplementary insurance policies declined further, and a portion of policyholders opted to reduce the cover under their supplementary health insurance policy. Achmea is committed to ensuring that its customers are properly insured. This is why we help our customers prevent double cover and insure only what is most essential. In customer-interest, it is important to verify that policyholders consciously choose what risk they are able and willing to bear. Operating expenses totalled €73 million (H1 2013: €65 million). The combined ratio improved to 93.3% (H1 2013: 95.4%) as a result of an improvement of the claims ratio to 82.6% (H1 2013: 86.3%). The expense ratio increased to 10.7% (H1 2013: 9.2%).

Pension & Life Netherlands

- Reductions in complexity and risk help improve the result
- Result also improved on the back of interest-rate trends

RESULTS* (€ MILLION)

	H1 2014	H1 2013	Δ
Gross written premiums	1,608	1,690	-5%
Operating expenses	185	163	13%
Result before tax	**70**	**62**	**13%**

KEY FIGURES**	H1 2014	H1 2013	Δ
Value added by new business (VNB)	-1	-10	N/M
New business (APE - Annualised Premium Equivalents)	61	40	53%
Present value of new business	357	340	5%
New business margin (VNB margin)	-0.2%	-3.0%	2.8%-pts
Value added by new business (% of APE)	-1.3%	-25.6%	24.3%-pts

	30.06.2014	31.12.2013	Δ
Solvency ratio	264%	226%	38%-pts

* 2014 Based on the modified cost-allocation method. ** Based on market-consistent principles. *** N/M: non-material.

GENERAL INFORMATION

With Centraal Beheer Achmea, Interpolis and Avéro Achmea, we are an important player in the Dutch market for pension and life insurance. In creating and marketing our pension products, we focus in particular on defined-contribution pension schemes through corporate, agent/broker and direct channels; In developing and marketing our term life insurance and other individual life insurance products, we focus mainly on banking and direct channels.

Financial results

During the first six months of 2014, result before tax from the Pension & Life Netherlands segment increased to €70 million (H1 2013: €62 million). Operating expenses totalled €185 million (H1 2013: €163 million), while costs allocated to the segment increased by roughly €41 million. Adjusted for this increase, operating expenses fell by roughly 12%, mainly due to our continued focus on cost reduction. Reducing expenses for our customers in the long term remains crucial in making our organisation even more customer-oriented. Our operating expenses were also lower on account of nonrecurring higher internal reinsurance commissions in 2013.

We implemented a number of measures in recent months to further reduce the risk and complexity of our life insurance and pension business. For one, we terminated several of our separate accounts and the contract terms of our largest separate account were amended. These measures have reduced volatility in our interest income. Moreover, coupled with interest-rate trends in the first half of 2014 and the introduction of the new pension scheme for Achmea employees, these measures have resulted in higher profits. Interest-rate trends are having a positive effect, as the calculation of the obligations under the separate accounts is based on a notional interest rate including an ultimate forward rate (the UFR curve), while, in order to hedge market risk related to guarantees, a replicating portfolio based on the zero swap curve is used. Interest rate movements resulted in a profit during the first six months of 2014, while the convergence of the UFR curve and the zero swap curve had a negative effect in 2013.

Gross written premiums fell by 5%, to €1,608 million (H1 2013: €1,690 million) and have therefore remained under pressure, due in part to the fast-changing pension market and the shift from individual life insurance policies to banking products offering equivalent tax benefits. While new business (APE) has increased over the same period last year to €61 million (H1 2013: €40 million), this increase is largely the result of renewals of existing contracts which have been included in new business. The value of new business (VNB) increased by €9.3 million to €-0.8 million during the first six months of 2014 (H1 2013: €-10.1 million), while the margin on the value of new business increased to -0.2% (H1 2013: -3.0%). These developments are the result of renewals and of cost savings as a result of migrations to new IT systems.

Pension & Life Netherlands

The solvency of the Dutch pension and life insurance business increased by 38 percentage points to 264% in 2014 (year-end 2013: 226%), both through an increase in available capital and a reduction in the required capital. The introduction of a new pension scheme for our employees, under which the accumulated rights have been transferred to the pension fund, caused a significant capital relief. The non-renewal of several separate accounts and the contracting of supplementary reinsurance for a pension portfolio also resulted in a reduction in the required capital. An improvement in the liability adequacy test of our life insurer, finally, propelled an increase in available capital.

SEGMENTS

Pension Insurance

The pension insurance market has been undergoing significant changes. The combination of low interest rates and longevity risk has made products with guaranteed pension entitlements financially unappealing to employers and insurers alike. Consequently, the market is shifting towards alternative pension solutions, such as defined-contribution schemes. Additionally, the dynamic in the pension insurance market is continuously changing, with the establishment of Premium Pension Institutions (PPIs), the arrival of new discounters and the development of new types of pensions, including the General Pension Fund (Algemeen Pensioenfonds/APF). These reforms in the pension market have created an uncertain situation for all parties involved, while at the same time offering new opportunities. We are working with our customers to further develop new solutions that should ensure solid pensions.

Gross written premiums from our pension insurance business increased by 12% in the first half of 2014, totalling €659 million (H1 2013: €591 million) as a result of the payment of several large lump sums. This was offset by the termination of several separate accounts and the changed status of the Achmea employee pension scheme, which is now administered by the pension fund itself. On 1 January 2014, a new, sustainable group defined-contribution pension scheme was introduced for Achmea employees; this scheme has replaced the former defined-benefit scheme, in line with recent trends in the Dutch pension market. As noted above, the pension fund is administering the new scheme itself.

Life Insurance

The challenging conditions in the market for individual life insurance have persisted, and although we are seeing a slight recovery in mortgage sales in the Dutch residential market, written premiums from term life insurance grew only modestly during the first six months of 2014. Coupled with a decline in rates and portfolio decline, this resulted in a decrease in gross written premiums for individual life insurance policies to €949 million (H1 2013: €1.099 million). The gross written premiums of our reinsurance business also declined, as a result of the termination of a number of incoming reinsurance contracts.

We further reduced operating costs in our closed book – which consists of products which are no longer sold in the market but which are still featured on our books as a premium-paying policy for current customers – in line with the development of the portfolio.

International

- Result strongly affected by goodwill write-down
- Written premiums down by 12%, mainly due to challenging markets and exchange-rate fluctuations

RESULTS (€ MILLION)

	H1 2014	H1 2013	Δ
Gross written premiums	580	659	-12%
Operating expenses	163	194	-16%
Results before tax	**-62**	**3**	**N/M**

GROSS WRITTEN PREMIUMS BY COUNTRY	H1 2014	H1 2013	Δ
Greece	177	191	-7%
Turkey	138	188	-27%
Russia	29	41	-29%
Slovakia	146	143	2%
Ireland	89	87	2%
Australia, Bulgaria, Romania	1	9	N/M

* N/M: not meaningful.

GENERAL INFORMATION

In addition to our Dutch operations, we also operate in six other countries: Greece, Turkey, Russia, Slovakia, Ireland and Australia. We focus on achieving relevant economies of scale in a limited number of markets.

Financial results

The result before tax of our international business was seriously affected by the €65 million write-down of goodwill at Oranta. Significantly lower growth and profit expectations, changes in Russian legislation and the current economic uncertainty in Russia put continued pressure on profitability. Result before tax excluding the goodwill write-down was €3 million (H1 2013: €3 million).

Our gross written premiums fell by 12% to €580 million (2013: €659 million), mainly as a result of exchange-rate differences (€40 million), the continuation of challenging conditions in Greece and Russia, and a nonrecurring €21 million premium in Turkey during the first six months of 2013. Revenues in Slovakia and Ireland increased slightly. Operating expenses fell by 16% to €163 million (H1 2013: €194 million), thereby outpacing revenues.

COUNTRIES

Greece

InterAmerican Greece offers non-life, health insurance and life insurance products. Although there are positive signs of recovery, Greece remains faced with challenging economic conditions while the insurance market continues to struggle.

Gross written premiums fell to €177 million in H1 2014 (H1 2013: €191 million) in a significantly weaker market. Tough market conditions notwithstanding, our direct brand Anytime has seen its number of car insurance policies increase to more than 225,400 (year-end 2013: 216,700 policies), 79% of which were purchased online.

Turkey

Eureko Sigorta operates in the Turkish non-life and health insurance markets. Since we regard Turkey as a key market, our current priority is to further develop Eureko Sigorta and strengthen the close cooperation with our partner Garanti Bank. A new Management Board was established in 2014 in order to help us achieve our goals going forward.

Gross written premiums fell by €138 million (H1 2013: €188 million), which is due entirely to fluctuations in the Turkish lira (€33 million) and a nonrecurring item of €21 million relating to the Gebze Izmir infrastructure project during the first half of 2013.

Russia

Oranta offers non-life and health insurance in Russia. Gross written premiums fell by 29% in the first few months of 2014, to €29 million (H1 2013: €41 million), due mainly to the devaluation of the Russian ruble and the weaker market, which have resulted in a restrictive acceptance policy.

Slovakia

Union, which offers health, non-life and life insurance products, began the process of digital transformation in 2014. Written premiums increased by 2% to €146 million (H1 2013: €143 million), driven mainly by our health insurance products.

International

Ireland
Friends First Life offers life insurance products. Our focus on customer retention and further expansion of our profitable portfolio have begun to pay off, while at the same time the Irish economy is experiencing a recovery. Our gross written premiums increased by 2% to €89 million last year (H1 2013: €87 million). The share of investment contracts increased by 30%, to €145 million (H1 2013: €112 million).

Australia
Achmea Australia began operating in the non-life insurance market in 2013, through a commercial partnership with Rabobank. Non-life insurance policies are sold to customers in the agricultural industry through Achmea's own sales operation and in close cooperation with Rabobank branch offices. After obtaining the permit at the end of 2013, we sold the first policies during the first six months of 2014.

DISCONTINUED OPERATIONS

Romania
We further scaled back our remaining operations in Romania during the first half of 2014, and the transfer of our life insurance business following the 2013 sales has been completed. The transfer of our second- and third-pillar pension business is scheduled for the end of 2014 and mid-2015.

Bulgaria
Our non-life insurance business is currently being phased out; this process is expected to be completed in the first quarter of 2015, subject to the regulator's approval.

Banking Netherlands

- Result before tax falls to €-24 million
- Higher interest income cancelled out by higher costs and lower fair-value income
- Higher expenses as a result of nonrecurring resolution charge relating to SNS nationalisation

RESULTS*			(€ MILLION)
	H1 2014	H1 2013	Δ
Net interest margin	48	40	20%
Realised and unrealised results	3	28	-89%
Operating expenses	69	61	13%
Additions to loan-loss provisions	12	11	9%
Result before tax	**-24**	**1**	**N/M**

CORE TIER 1 RATIOS**	30.06.2014	31.12.2013	Δ
Achmea Bank	18.8%	15.9%	2.9%-pts
Staalbankiers	16.0%	17.0%	1.0%-pts

* 2014 based on the modified cost-allocation method. ** On a statutory basis. *** N/M: non-material.

GENERAL INFORMATION

Achmea provides banking services for the Dutch consumer market and small- and medium-sized enterprises, which complement our range of insurance products. Achmea Bank offers mortgage and savings products to consumers through the brands Centraal Beheer Achmea, FBTO, Avéro Achmea and Woonfonds Hypotheken. Staalbankiers provides mortgage and savings products to high-net-worth individuals and small- and medium-sized institutions.

Financial results

Result before tax from our banking operations in the Netherlands fell to €-24 million (H1 2013: €1 million). An increase in interest income during the first half of 2014 was cancelled out by lower fair-value income and higher operating expenses. Total operating expenses during the first six months of 2014 were €69 million (H1 2013: €61 million). This increase was mainly the result of the resolution charge relating to the nationalisation of SNS Reaal and more costs allocated to the segment.

SEGMENTS

Achmea Bank

Achmea Bank Holding N.V. and Achmea Retail Bank N.V. entered into a legal merger with Achmea Hypotheekbank N.V. in May 2014, which was then renamed to Achmea Bank N.V. The decision for the merger was made as part of measures to reduce complexity, improve the efficiency of systems and processes, and in light of new laws and regulations. Achmea Bank's result before tax totalled €-12 million (H1 2013: €24 million). The main cause of the decline in profit was the lower fair-value income as a result of the lower yield curve. Achmea Bank's interest income increased by €7 million as a result of lower financing costs and higher returns on loans. Operating expenses increased by €14 million to €50 million (H1 2013: €36 million). This increase was due to various factors, including the nonrecurring resolution charge relating to the nationalisation of SNS Reaal.

Achmea Bank's savings portfolio increased to €4.5 billion during the first six months of 2014 (year-end 2013: €4.3 billion). The percentage of savings held for more than one year further increased to nearly 40% (year-end 2013: 28%). The value of Achmea Bank's mortgage portfolio fell slightly in the first six months of 2014, to €11.4 billion (year-end 2013: €11.6 billion). Write-downs on the mortgage portfolio remained stable compared with last year (8 base points). Achmea Bank's core tier 1 ratio increased to 18.8% (year-end 2013: 15.9%).

In addition to providing a senior unsecured bond loan in the amount of €750 million in the first half of 2014, €807 million RMBS notes were placed within Achmea Group. This RMBS (residential mortgage-backed securities) loan, which is fully secured by Dutch home mortgages, is the twelfth securitisation under the successful Dutch Mortgage Portfolio Loans (DMPL) programme. An amount of €1.5 billion was repaid in covered bond notes during the first half of the year.

Banking Netherlands

Staalbankiers

Staalbankiers' assets under management remained stable in the first half of 2014 (€1.9 billion). Staalbankiers' core tier 1 ratio decreased to 16.0% during the first half of 2014 (year-end 2013: 17.0%).

Operating expenses were reduced from the first six months of 2013. Cost levels in 2013 were temporarily higher due to the partnership agreement with GE Artesia Bank and due to nonrecurring IT expenses. Result was further increased in the first six months of 2014 by fair-value income. As a result of the lower value of the security provided for a number of substantial mortgages, the loan-loss provision increased in 2014.

Other

- Goodwill write-down on Syntrus Achmea dampens profit
- New cost allocation method drives substantial cost reduction

RESULTS* (€ MILLION)

	H1 2014	H1 2013	Δ
Total income	125	139	-10%
Operating expenses	219	404	-46%
Interest expenses	57	43	33%
Other expenses	115	8	N/M
Result before tax	**-266**	**-316**	**16%**

* 2014 Based on the modified cost-allocation method. ** N/M: not meaningful.

GENERAL INFORMATION

Syntrus Achmea supports pension funds with a wide range of services related to strategic advice, asset management, real estate, and the day-to-day management of their pension administration. The company provides a supplement to the Group's insurance business and remains of strategic importance to the Group due to the many changes which have occurred in the pension market. In addition to Syntrus Achmea, the Other segment also includes associates and joint ventures, Shared Service Centers and other activities at the holding company level.

Financial results

Result before tax for the first six months of 2014 in the Other segment was €-266 million (H1 2013: €-316 million). The result was affected by a number of exceptional items in the first half of 2014.

We wrote down goodwill and other intangible fixed assets relating to our pension services business by an amount of €78 million. Owing to lower fee levels in the real estate asset management business and the departure of a major contract, revenues from these operations will be lower in the coming years than we previously expected. The combination of these trends is resulting in the write-down of the remaining goodwill and other intangible fixed assets in the pension services business.

Operating expenses totalled €219 million (H1 2013: €404 million). On account of higher cost allocations to other segments, operating expenses in the Other segment fell by approximately €170 million in the first six months of 2014 against the same period in 2013.

In light of projected expenses arising from decisions related to the personnel impact of the restructuring of our distribution organisation and downsizing of support staff departments, we made a reorganisation provision. On account of the recent decision – in line with our management agenda – to sell some of our health centres and close down others, we made a provision relating to staff redundancies and the closure of several locations which have not been sold. These expenses relating to the Acceleration & Innovation change programme reduced result by €45 million.

SEGMENTS

Syntrus Achmea

Total income from fees and commissions fell by 2% during the first half of 2014, to €118 million (H1 2013: €120 million). The assets which Syntrus Achmea manages on behalf of institutional investors (AuM) further increased during the first six months of 2014, to €79.3 billion (year-end 2013: €70.0 billion). The property portfolio – which forms part of the assets under management – increased to €14.2 billion (H1 2013: €13.8 billion). The increase in assets under management is the result of new mortgage mandates and the new mandate granted by Achmea Asset Management.

Investments

- Investment portfolio at Achmea's own risk and expense: €48 billion
- More than 90% invested in investment-grade fixed-income securities

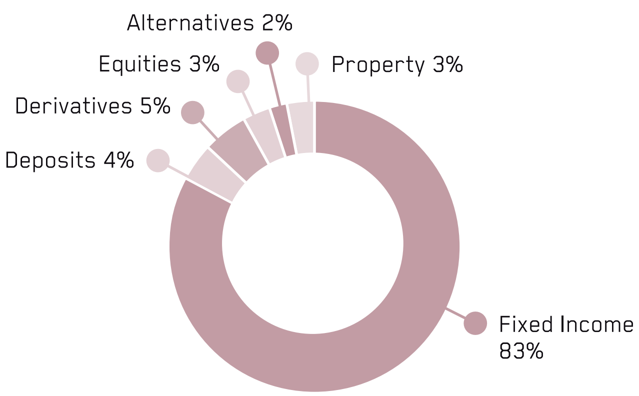
GENERAL INFORMATION

As a major investor, we feel it is our duty as an insurer to invest the premiums paid by our customers as responsibly and efficiently as possible. We therefore continuously attempt to find the right balance between risk and returns in the context of a responsible investment policy. We aim to achieve maximum, stable returns without losing sight of any of the associated risks and our commitments to our policyholders. As a major institutional investor, Achmea is able to use its policies to influence the behaviour of its investee companies. As of 30 June 2014, our investment portfolio had a total value of €66.8 billion (year-end 2013 €67.4 billion). Investments at the company's own risk and expense increased by 6% to €48.0 billion (year-end 2013: €44.9 billion), mainly due to trends in the financial markets. As part of our dynamic asset allocation policy, we made a limited additional investment in equity during the first half of 2014; this generated a profit during the first half of the year. The size of the investment portfolio at the risk and expense of our policyholders fell by 16% to €18.9 billion (year-end 2013: €22.6 billion). The reduction was mainly the result of the termination of the contract with the company's own pension fund in connection with the implementation of the new pension scheme.

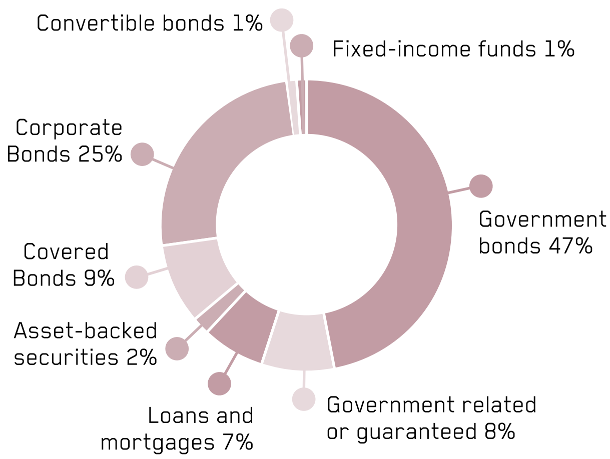
Fixed-income portfolio

Our fixed-income portfolio increased by 6% in the first six months of 2014, to €39.7 million (year-end 2013: €37.6 billion). The portfolio was boosted by the lower interest rate and lower incoming spreads. A total of €21.7 billion – equivalent to 55% – of the fixed-income portfolio (year-end 2013: €20.8 billion) was invested in government bonds and government-related bonds; the vast majority of this amount was invested in Dutch government bonds. Furthermore, there were relatively large allocations to German and French government bonds.

TOTAL OWN-RISK INVESTMENT PORTFOLIO 30 JUNE 2014 (€48.0 BILLION)



RELATIVE DISTRIBUTION OF FIXED-INCOME PORTFOLIO BY INVESTMENT TYPE 30 JUNE 2014 (€39.7 BILLION)



RELATIVE DISTRIBUTION OF FIXED-INCOME PORTFOLIO BY RATING 30 JUNE 2014 (€39.7 BILLION)

	30.06.2014	31.12.2013
AAA	47%	51%
AA	23%	19%
A	13%	12%
BBB	10%	12%
<BBB	2%	2%
Not rated	5%	4%
Total	**100%**	**100%**

TOP 5 INVESTMENTS IN GOVERNMENT BONDS (€ MILLLION)

	30.06.2014	31.12.2013	RATING
The Netherlands	11,786	10,727	AAA
Germany	3,010	3,321	AAA
France	1,607	1,797	AA+
Austria	577	526	AAA
Belgium	576	482	AA-

Investments

The composition of the fixed-income portfolio was further adjusted in the first half of 2014 in order to achieve additional spread return for liabilities with a lower liquidity. To date in 2014, we have shifted approximately €140 million in investments in government bonds to asset-backed securities We largely hedge currency risk and interest-rate mismatch risk for our fixed-income portfolio. We use interest-rate derivatives in order to hedge the interest-rate mismatch risk between investments and obligations.

Equity and alternative investment portfolio

As at 30 June 2014, the investment portfolio had a total value of €1.3 billion (year-end 2013: €1.1 billion), the equivalent of 3% of our total own investment portfolio. The increase in portfolio value was driven primarily by growth in the stock markets, with additional equity investments in both mature and emerging markets also contributing to a modest degree. Over the past six months, we invested a total of approximately €135 million in shares issued by high-quality companies.
A total of 84% of the equity portfolio is currently invested in mature equity markets, with the remaining 16% tied up in emerging markets. Our remaining investment portfolio has remained virtually unchanged; apart from standard deposits and withdrawals there have been no significant developments.

Property portfolio

As of the end of June 2014, our property investment portfolio had a total value of €1.4 billion (year-end 2013: €1.5 billion), representing 3% of our total investment portfolio. The property portfolio comprises €1.1 billion in direct property investments and €259 million in real-estate funds. Of our direct property investments, 37% is invested in residential properties, 27% in retail properties, 32% in offices and 4% in other property holdings.

External parties perform a full on-site appraisal of 25% of our portfolio on a quarterly basis, plus a desktop review of the remaining 75%. This ensures that the entire property portfolio is appraised on-site over a one-year period, with a new, up-to-date valuation every quarter. We wrote down a total of €29 million on the property portfolio during the first two quarters of 2014 (H1 2013: €23 million).

Abbreviated Consolidated Financial Statements

Abbreviated consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BEFORE APPROPRIATION OF RESULT) (€ MILLION)

	30.06.2014	31.12.2013	31.12.2012
Assets			
Intangible assets	1,063	1,244	1,639
Associates and joint ventures	149	152	163
Property for own use and equipment	577	578	619
Investment property	1,138	1,200	1,172
Investments	46,827	43,686	42,122
Investments backing linked liabilities	18,874	22,563	24,972
Banking credit portfolio	15,028	15,251	16,436
Deferred tax assets	473	523	385
Deferred acquisition costs	159	172	198
Amounts ceded to reinsurers	1,577	904	964
Receivables and accruals	11,833	4,975	5,232
Cash and cash equivalents	2,002	3,260	1,073
	99,700	**94,508**	**94,975**
Assets classified as 'held for sale'	10	36	38
Total assets	**99,710**	**94,544**	**95,013**
Equity			
Equity attributable to holders of equity instruments of the Company	9,669	9,687	10,463
Non-controlling interest	15	15	20
Total equity	**9,684**	**9,702**	**10,483**
Liabilities			
Insurance liabilities	48,663	39,651	38,906
Insurance liabilities where policyholders bear investment risks	16,870	19,387	22,259
Investment contracts	2,011	2,015	2,123
Post-employment benefits	875	793	755
Other provisions	280	274	282
Banking customer accounts	6,165	5,981	5,351
Loans and borrowings	9,690	11,131	9,623
Derivatives	1,681	1,491	1,779
Deferred tax liabilities	17	15	53
Income tax payable	61	67	86
Other liabilities	3,699	4,001	3,275
	90,012	**84,806**	**84,492**
Liabilities classified as 'held for sale'	14	36	38
Total equity and liabilities	**99,710**	**94,544**	**95,013**

Abbreviated consolidated financial statements

CONSOLIDATED INCOME STATEMENT (€ MILLION)

	H1 2014	H1 2013
Income		
Gross written premiums Non-life	2,308	2,367
Gross written premiums Health	12,981	13,425
Gross written premiums Life	1,728	1,819
Gross written premiums	**17,017**	**17,611**
Reinsurance premiums	–971	–627
Change in provision for unearned premiums (net of reinsurance)	-6,852	-7,187
Net earned premiums	**9,194**	**9,797**
Income from associates and joint ventures	1	1
Investment income	515	500
Realised and unrealised gains and losses	1,236	-191
Income from investments backing linked liabilities	1,318	103
Banking income	317	361
Fee and commission income, and income from service contracts	204	211
Other income	46	29
Total income	**12,831**	**10,811**
Expenses		
Claims and movements in insurance liabilities	13,106	9,815
Claims and movements in insurance liabilities ceded to reinsurers	-788	–352
Profit sharing and bonuses for policyholders	1,048	4
Movements in insurance liabilities where policyholders bear investment risks	–2,518	-663
Fair value changes and benefits credited to investment contracts	69	41
Operating expenses	1,423	1,473
Banking expenses	240	269
Interest and similar expenses	55	43
Other expenses	242	102
Total expenses	**12,877**	**10,732**
Profit before tax	**-46**	**79**
Income tax expenses	12	–44
Net profit	**-58**	**123**
Net profit attributable to:		
Holders of equity instruments of the Company	-59	123
Non-controlling interest	1	

Abbreviated consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (€ MILLION)

	H1 2014	H1 2013
Net profit	**-58**	**123**
Items that will not be reclassified to the Income statement		
Remeasurements of net defined benefit liability	-7	–49
Unrealised gains and losses on property for own use		–4
Total items that will not be reclassified to the Income statement	**–7**	**–53**
Items that may be reclassified subsequently to the Income statement		
Currency translation differences on subsidiaries, intangible assets, associates and joint ventures	4	-39
Unrealised gains and losses on available for sale instruments	927	-488
Share in other comprehensive income of associates and joint ventures	2	–9
Transfer from/to provision for profit sharing and bonuses for policyholders	-711	423
Gains and losses on available for sale instruments reclassified to the Income Statement on disposal	-34	-90
Impairment charges on available for sale instruments reclassified to the Income Statement	9	8
Total items that may be reclassified subsequently to the Income statement	**197**	**-195**
Net other comprehensive income	**190**	**–248**
Comprehensive income	**132**	**-125**
Comprehensive income attributable to:		
Holders of equity instruments of the Company	131	-125
Non-controlling interest	1	

Abbreviated consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

2014	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	REVALUATION RESERVE	EXCHANGE DIFFERENCE RESERVE	HEDGING RESERVE	REMEASUREMENT OF DEFINED BENEFIT PLANS	RETAINED EARNINGS	PROFIT FOR THE YEAR	OTHER EQUITY INSTRUMENTS	EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS OF THECOMPANY	NON-CONTROLLING INTEREST	TOTAL EQUITY
Balance at 1 januari	**11,357**	**−235**	**662**	**581**	**−260**	**−7**	**−202**	**-3,523**	**347**	**967**	**9,687**	**15**	**9,702**
Net other comprehensive income				192	5		-7				190		190
Net profit									-59		-59	1	-58
Comprehensive income				**192**	**5**		**-7**		**-59**		**131**	**1**	**132**
Appropriations to reserves			5	−13				355	-347				
Dividends and coupon payments								-164			-164		-164
Issues, repurchase and sale of equity instruments													
Other movements				2				12			14		14
Balance at 30 June	**11,357**	**-235**	**667**	**762**	**-255**	**-7**	**-209**	**-3,320**	**-59**	**967**	**9,668**	**17**	**9,684**

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

2013	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	REVALUATION RESERVE	EXCHANGE DIFFERENCE RESERVE	HEDGING RESERVE	REMEASUREMENT OF DEFINED BENEFIT PLANS	RETAINED EARNINGS	PROFIT FOR THE YEAR	OTHER EQUITY INSTRUMENTS	EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS OF THECOMPANY	NON-CONTROLLING INTEREST	TOTAL EQUITY
Balance at 1 januari	**11,357**	**−235**	**678**	**690**	**−152**	**−7**	**89**	**-3,750**	**468**	**1,325**	**10,463**	**20**	**10,483**
Impact of the implementation of IFRS 10 and IFRS 11 on Total equity				-7				7					
Adjusted balance at 1 January	11,357	-235	678	**683**	**-152**	**-7**	**89**	**-3,743**	**468**	**1,325**	**10,463**	**20**	**10,483**
Net oher comprehensive income				-154	-45		-49				-248		-248
Net profit									123		123		123
Comprehensive income				**-154**	**-45**		**-49**		**123**		**-125**		**-125**
Appropriations to reserves			1	-20				487	-468				
Dividends and coupon payments								-237			-237		-237
Issue, repurchase and sale of equity instruments										-358	-358		-358
Other movements				-5				4			-1	1	
Balance at 30 June	**11,357**	**-235**	**679**	**504**	**-197**	**-7**	**40**	**-3,489**	**123**	**967**	**9,742**	**21**	**9,763**

Abbreviated consolidated financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (€ MILLION)

	H1 2014	H1 2013
Cash and equivalents at 1 January	3,260	1,073
Cash flow from operating activities		
Profit before tax	-46	79
Adjustments of non-cash items and reclassifications	-1,485	1,139
Changes in operating assets and liabilities	2,119	-837
Total cash flow from operating activities	**588**	**381**
Cash flow from investing activities		
Investments, acquisitions and direct return on investments	-23	-55
Divestments and disposals	13	4
Total cash flow from investment activities	**-10**	**-51**
Total cash flow from financing activities	**-1,822**	**777**
Net cash flow	**-1,258**	**1,107**
Cash and cash equivalents at 30 June	**2,002**	**2,180**
Cash and cash equivalents include the following items:		
Cash and bank balances	1,554	1,726
Call deposits	448	454
Cash and cash equivalents at 30 June	**2,002**	**2,180**

Achmea has prepared its condensed consolidated interim financial statements for 2014 in accordance with IAS 34, Interim Financial Reporting and Applicable Interpretations, as effective on 30 June 2014 and as adopted by the European Union. In preparing the financial data contained in this press release, the same accounting principles were used as for the condensed consolidated interim financial statements for 2014. PricewaterhouseCoopers Accountants N.V. has issued an unqualified review opinion on the Condensed Consolidated Interim Financial Statements 2014. These condensed consolidated interim financial statements for 2014 were published on 14 August 2014 and are available on achmea.com. In the event of any discrepancies between the Dutch and English versions of this press release, the English version will take precedence.

Please note: numbers may not sum to totals due to rounding.