Sound performance and strong capital position in challenging markets

- Net profit up 11% to €200 million in the first half of 2012
- Profit from regular activities of €189 million in the first half of 2012
- Capital position remains strong: Group solvency at 212%
- Continued strong operational performance at Property & Casualty and Health
- Operating expenses down 5%

Willem van Duin, chairman of the Executive Board comments:

'Achmea delivered a sound performance in the first half of 2012, despite ongoing turbulence in the financial markets. Our solvency position remains strong and our capital base is of high quality. We maintained our conservative risk profile, which is also reflected in our investment portfolio. In the first half of the year we continued to successfully lower our costs. In the same period we had to make additional provisions for our long-term disability insurance.

As a cooperative insurer, we value the long-term trust our customers place in us. We recognise the importance of financial stability in these fast-changing times. The combination of robust capitalisation, strong market positions and a good track record of operational delivery make Achmea a solid and reliable long-term partner for our customers. Serving our customers with good insurance at a reasonable price remains our prime objective.

Supported by our solid financial position, we will continue to effectively execute our strategy aimed at further strengthening our core businesses Non-life and Health while reducing costs and complexity.'

ANNOUNCEMENT OF 2012 INTERIM RESULTS ON 28 AUGUST 2012

Press conference call for Dutch media starts at 11.00 CET. Please dial + 31 10 29 44 220.
A conference call for analysts starts at 14:00 CET.
Please dial + 31 10 29 44 271.
More details can be found on Achmea's website: www.achmea.com.

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Achmea's Condensed Consolidated Interim Financial Statements are prepared in accordance with IAS 34, Interim Financial Reporting and Applicable Interpretations - as at 30 June 2012 and as adopted by the European Union. PricewaterhouseCoopers Accountants N.V., Achmea's auditors have 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

Our primary goal is to offer good products and services that our customers really need at a reasonable price.
In the first half of 2012, we continued to build on the foundations we laid during the last three years. In the long-term we focus on our core competences in Non-life and Health delivered through direct channels and through our partners. Strengthening our commercial capabilities and further streamlining our organisation through cost and complexity reduction remain focal points for the organisation.

We completed the sale of our occupational health and safety service provider Achmea Vitale, as its activities did not fit our core competences. The announced merger with De Friesland Zorgverzekeraar (DFZ) was completed. The additional scope for investments in the DFZ business will enable it to more rapidly develop new care concepts while keeping costs under control.

In the Netherlands, our Health businesses have welcomed over 150,000 new customers in 2012, bringing the total number of those with health insurance through Achmea in the country to more than 5.5 million. In the same sector, we also launched our Health Economics Fund to speed up innovation in healthcare. With targeted investments, it is our aim to bring new technologies and products to patients more quickly thereby better controlling the costs of healthcare while improving the quality of patient care.

In July 2011 the Dutch Health Ministry, hospitals and Dutch health insurers reached an agreement to contain the increase of healthcare and hospital spending to a maximum of 2.5% per year. To achieve this, and to further improve the quality and efficiency of healthcare, more financial risk and responsibility is shifted to health insurers and to the insured. Health insurers can help bring down costs by selectively purchasing healthcare and by functioning as efficiently as possible. It is our conviction that every individual must have access to good care at an affordable price. For the current year, we made valuable arrangements with healthcare providers about quality and about more care per euro as the costs for healthcare are rising faster than expected.

In the first half of this year Achmea has paid out approximately €5.7 billion to cover the costs of basic healthcare for our customers. Around 96% of premiums in Basic Health are paid out to cover the healthcare costs for our customers. There are tentative signs that the rise of the healthcare costs seems to be slowing, although it is too early to draw any definitive conclusions. Primary care costs (pharmacies, general practitioners and medical appliances) have risen less sharply in the first half of this year and there are signs of a fall in growth rate in secondary care costs (hospitals and other care providers), but it is too early to reach a firm conclusion there. These initial indications provide tentative signs that the policy being pursued, including the Outline agreement, is starting to bring results and that the rise in healthcare costs can successfully be controlled. This strengthens us in our conviction that if insurers, healthcare providers and the government work together, we can secure the quality and affordability of healthcare, even in the long term.
Negotiations with hospitals over 2013 en 2014 are under way and we hope to conclude talks in November.
To enlarge the certainty of the lower rate of growth in hospital costs, our negotiations with hospitals are focused on signing two-year contracts.

As an organisation with a cooperative background one of our aims is to continue to look for solutions to social issues. As part of our CSR-policy, we signed the United Nations Principles for Sustainable Insurance. In the Netherlands, our academic chair in micro-insurance at Nyenrode University was formally accepted.

Internationally, our direct writer Anytime in Greece continues to grow its business, in spite of the economic turmoil. Our successful cooperation with Rabobank in the Netherlands has been taken abroad to Australia. The aim of our joint start-up is to locally offer Non-life insurance to Rabobank's customers in the agricultural sector (for example for livestock and crops).

In April, Arnold Walravens and Flip Buurmeijer have stood down from the Supervisory Board in accordance with the retirement rota. Erik van de Merwe was appointed chairman of the Supervisory Board, succeeding Walravens. Thomas van Rijckevorsel, who had been a member of Achmea's Executive Board since 2008, chose to stand down. We thank them for their valuable service to the company.

Achmea's strong reputation is confirmed in the funding we attracted for our mortgage bank activities. We successfully placed almost €800 million of securities in the market to refinance our existing mortgage portfolio. The transaction was very well received in the capital market, indicating the high level of trust investors have in the portfolio and in Achmea.

Group Performance

KEY FIGURES

€ million

RESULTS	H1 2012	H1 2011	Δ%
Gross written premiums	11,469	10,956	5%
Investment income including associates	1,051	71	n.m.
Fee and commission income	226	224	1%
Other income	426	-863	n.m.
Total income	**13,172**	**10,388**	**27%**
Claims and movements in insurance liabilities	11,063	8,246	34%
Operating expenses	1,464	1,540	-5%
Other expenses	489	418	17%
Total expenses	**13,016**	**10,204**	**28%**
Profit before tax	**156**	**184**	**-15%**
Net profit	**200**	**180**	**11%**

BALANCE SHEET	30-06-2012	31-12-2011	Δ%
Total assets	97,148	92,313	5%
Total equity	10,044	9,775	3%

SOLVENCY	30-06-2012	31-12-2011	Δ%-pts
Regulatory solvency ratio Group	212%	204%	8%-pts
Regulatory solvency ratio Insurance entities	215%	208%	7%-pts

FTEs	30-06-2012	31-12-2011	Δ%
FTEs (internal)	19,100*	19,490	-2%

** Achmea Vitale not included in FTE number*

n.m.: not meaningful

FINANCIAL RESULTS

Group results

Achmea delivered a sound performance in the first half of 2012, despite ongoing turbulence in the financial markets. Gross written premiums grew by 5%, supported by the merger with De Friesland Zorgverzekeraar (DFZ), which was completed in the first half of 2012. Gross operating expenses (operating expenses corrected for acquisition costs and allocation to claim handling) decreased by 5% to €1,316 million from €1,388 million on a comparable basis. The number of FTEs decreased by 2% to 19,100 FTEs.

Profit before tax was €156 million (H1 2011: €184 million). The results were negatively impacted by an €87 million additional provision we had to make for our long-term disability insurance. This provision was made in expectation of a higher inflow and a longer duration of insured persons in the WGA. Net profit came in at €200 million (H1 2011: €180 million) following changes in our tax position in the first half of this year.

Our solvency position remained strong with a Group solvency ratio of 212%, and the high quality of our capital is notable. Achmea maintained its solid, low-risk profile, which is also reflected in our conservative investment portfolio.

The profit from regular activities of €189 million was in line with the result from regular activities in the first half of 2011 (€201 million). The result from regular activities includes €33 million in costs specifically related to the sale of Achmea Vitale, our occupational health and safety service provider.

€ million

PROFIT BEFORE TAX	H1 2012	H1 2011	Δ%
Profit before tax from regular activities	189	201	-6%
Mergers and divestments	-33	30	n.m.
Impairment on Greek government bonds		-48	n.m.
Other		1	n.m.
Profit before tax	**156**	**184**	**-15%**

Results per segment

In our Non-life Netherlands segment profit before tax was €82 million (H1 2011: €210 million). The decrease was primarily in Income Protection, due to the €87 million additional provision on our long-term disability insurance and the €33 million costs specifically related to the sale of Achmea Vitale. Corrected for these one-offs, results were in line with last year for both Property & Casualty and Income Protection.

On a comparable basis, profit before tax in our Health Netherlands segment was €182 million, following higher results in Basic Health from the release of provisions from previous years that were partly offset by lower results in Supplementary Health (H1 2011: €157 million).
The first-time consolidation of DFZ added an additional €15 million to our result. In Basic Health our scale enables us to work very efficiently; on the whole, around 96% of premiums in Basic Health are paid out to cover the costs of healthcare for our customers. We use around 3% of premiums to cover the costs of execution of healthcare insurance. The remaining 1% is the result, which Achmea uses to support its financial stability.

Profit before tax in our Pension and Life Netherlands segment was in line with last year, amounting to €137 million (H1 2011: €135 million), in spite of difficult market circumstances. The result was positively affected by a switch in the discount rate (e.g. yield curve) for measuring liabilities related to certain insurance contracts in anticipation on the discount rate to be used for Solvency II.

The result of our international business was minus €5 million, excluding additional loan loss provisions to the amount of €29 million for the business run-off at our finance company in Ireland. In total, profit before tax from international activities decreased to minus €34 million (H1 2011: minus €20 million).

Gross written premiums

In the first half-year gross written premiums increased by 5% to €11,469 million (H1 2011: €10,956 million). Corrected for DFZ's premiums, gross written premiums would have decreased by 2% to €10,770 million due mainly to lower contributions from the risk equalisation pool (ZvF). In Non-life Netherlands, premiums were in line with the same period in 2011 in both Income Protection and Property & Casualty. As a result of our strategic choice to focus on specific profitable products, premiums in our Pension and Life Netherlands business increased marginally under difficult market circumstances such as competition from bank savings products and a declining housing market. In the International segment gross written premiums decreased, due to a number of factors such as our aim to only write profitable contracts and currency effects.

Expenses

We reduced total operating expenses by 5% to €1,464 million (H1 2011: €1,540 million). The main reasons for this decrease were lower acquisition costs and lower management costs through our continued focus on cost reductions. Corrected for the consolidation of DFZ and Independer.nl, gross operating expenses (operating expenses corrected for acquisition costs and allocation to claim handling) were also reduced by 5% to €1,316 million in the first half of the year (H1 2011: €1,388 million). Including the consolidation of DFZ and Independer.nl, gross operating expenses decreased by 2% to €1,356 million.

In the first half of 2012, the number of internal FTEs at Achmea decreased by 2% to 19,100 FTEs (H1 2011: 19,490 FTEs). This decrease includes both the addition of 649 FTEs through the merger with DFZ and the acquisition of Independer.nl and the reduction of 572 FTEs through the sale of Achmea Vitale. Corrected for these movements, the number of internal FTEs also decreased by 2%.

CAPITAL MANAGEMENT

Total equity

DEVELOPMENT OF TOTAL EQUITY

	€ million
Total equity end 2011	**9,775**
Net income	200
Dividend and coupon payments to holder of equity instruments	-70
Revaluation equity and fixed income portfolio	85
FX reserves	37
Other	17
Total equity end June 2012	**10,044**

At the end of H1 2012 total equity was €10,044 million, a €269 million increase compared to year-end 2011. This was primarily due to the net result of €200 million and the increase of the revaluation reserve of €85 million. We benefitted from lower interest rates which had a positive impact on the valuation of the fixed income portfolio. The investment results that cover obligations towards our policyholders are set-aside in a fund for future appropriation, which is part of the insurance liabilities. In the first half of 2012, this reserve, held for the good of our policyholders, increased by €413 million to almost €3.1 billion. Dividend payments on preference shares and coupon payments on hybrid capital amounted to €70 million.

Solvency

To increase the comparability of the regulatory solvency in the market, Achmea decided to change the interest rate curve at which liabilities of its Dutch business are discounted for purposes of the regulatory liability adequacy test. We switched from the zero swap curve to the ECB AAA curve in the first half of this year.

On 2 July 2012 the Dutch Central Bank (DNB) announced that, effective 30 June 2012, insurers should adjust the method for extrapolating the interest rate curve using an Ultimate Forward Rate (UFR), which is set at 4.2%, to be reached in 40 years from the point of 20 years. This will result in a more stable interest rate for long maturities, reducing the degree of fluctuation in insurers' solvency positions. In making this adjustment, DNB is anticipating the impact of Solvency II on insurers.

Achmea's solvency position based on the Insurance Group Directive (i.e. excluding banking operations) as of 30 June 2012 was 215% against 208% at the end of 2011. Both available capital and required capital were higher. Both the change to the ECB AAA curve and the use of the UFR have a significant impact on the available capital. Required capital increased primarily because of DNB's increased solvency requirements from 9% to 11% for the Dutch basic health insurance. The IGD solvency ratio would have been 191% based on the zero swap curve including the UFR, and 180% based on the zero swap curve. Achmea's group solvency as of 30 June 2012 was a strong 212% against 204% at the end of 2011. Of our capital, 92% qualifies as Tier 1 capital.

The core Tier 1 ratio of Achmea Bank Holding and Staalbankiers remained strong at 13.4% and 12.5% respectively (year-end 2011: 12.3% and 13.1% respectively).

Solvency II

At the request of the DNB, Achmea participated in the parallel run 2011 to ascertain its capital position at year-end 2011 based on Solvency II principles. The specifications of the parallel run are based on the QIS 5 specifications and the latest draft Level 2 implementing measures. Although not yet finalised, the process indicates our Solvency II levels are in line with earlier QIS outcomes and developments in legislation. The tentative outcomes of the parallel run reconfirm our strong solvency position under current envisaged Solvency II legislation.

INVESTMENT PORTFOLIO

Achmea's own-risk investment portfolio increased by 3% to €43.6 billion at the end of June 2012 (year-end 2011: €42.4 billion). The fixed-income portfolio increased by 4% to €33.3 billion (year-end 2011: €32.0 billion) in the first six months of the year. The majority of investments (65%, or €21.6 billion in H1 2012 against 72%, or €23.1 billion at year-end 2011) are in government bonds or are government related/guaranteed. The government bonds are predominantly Dutch, German and French.

Starting in the first quarter of 2012 we shifted 10% (around €1.6 billion) of our Dutch, German and French government bonds to low-risk credits issued by investment grade companies with low leverage and a low probability of default. By selecting bonds with relatively short maturities and relatively high seniorities, we limit mark-to-market volatility substantially.

On 30 June 2012, our sovereign exposure to GIIPS countries (Greece, Ireland, Italy, Portugal and Spain) amounted to €615 million (year-end 2011: €580 million) or only 1.8% (year-end 2011: 1.8%) of our fixed income portfolio. Our exposure to Greece (€7 million) and Ireland (€462 million) relates exclusively to our activities there.

On 30 June 2012, the real estate portfolio amounted to €1.7 billion (year-end 2011: €1.7 billion) or 4% of the investment portfolio. The portfolio consists of €0.5 billion indirect real estate and €1.2 billion direct real estate. The direct real estate portfolio consists of 36% residential, 30% offices, 29% retail and 5% other real estate. Achmea has a prudent approach to valuing its real estate portfolio. On a quarterly basis we perform a full valuation of 25% of our portfolio and a review of the remaining 75% of the portfolio. As a result, each year round, we value our entire real estate portfolio. This is a market-leading approach. Since 2009, we have impaired 27% of the value of our offices portfolio. Negative revaluations in the first half of 2012 amounted to €39 million, mainly in the office segment. Nevertheless, we still made a positive total return on our real estate in the first half of 2012.

Achmea is the largest commercial real estate investor in the Netherlands. Through Syntrus Achmea we invest €15 billion, of which over €13 billion is for clients such as pension funds. The real estate market in the Netherlands is sluggish, especially in the office segment. Syntrus Achmea actively takes its role as a market leader through the redevelopment of real estate, for example health care property.

Achmea interim results 2012 in detail

Non-life Netherlands

- Continued strong operational performance at Property & Casualty
- Additional provision for our long-term disability insurance of €87 million
- Sale of Achmea Vitale completed

€ million

RESULTS	H1 2012	H1 2011	Δ%
Gross written premiums	2,014	2,014	0%
Operating expenses	443	472	-6%
Profit before tax	**82**	**210**	**-61%**
KEY FIGURES PROPERTY & CASUALTY	H1 2012	H1 2011	Δ %-pts
Claims ratio	63.4%	62.8%	0.6%-pts
Expense ratio	26.8%	25.4%	1.4%-pts
Combined ratio	**90.2%**	**88.2%**	**2.0%-pts**
KEY FIGURES INCOME PROTECTION	H1 2012	H1 2011	Δ %-pts
Claims ratio	111.3%	78.6%	32.7%-pts
Expense ratio	20.7%	26.1%	-5.4%-pts
Combined ratio	**132.0%**	**104.7%**	**27.3%-pts**
	30-06-2012	31-12-2011	Δ %-pts
Regulatory solvency ratio	247%	245%	2%-pts

GENERAL

Non-life insurance is both a core business and a core competence at Achmea. In H1 2012 the Non-life Netherlands segment contributed 18% to the gross written premiums of the Group (H1 2011: 18%). Our Non-life products are available through all our distribution channels: bank, direct and broker. On 2 July 2012 we completed the sale of Achmea Vitale.

Results

H1 2012 gross written premiums at Non-life Netherlands were €2,014 million, unchanged against the same period a year earlier. Gross written premiums in the first half of 2012 on our Property & Casualty (P&C) business and our Income Protection business in the Netherlands are both in line with the year-earlier period.

Profit before tax was €82 million (H1 2011: €210 million). The decrease was primarily due to the €87 million additional provision on our long-term disability insurance (WGA) within Income Protection. Additionally, we booked €33 million in costs specifically related to the sale of Achmea Vitale in H1 2012.

We reduced our operating expenses by 6%, or €29 million, to €443 million. Operating expenses were down mainly in our Income Protection business due fewer FTEs and a continued focus on costs, supported by changes in the allocation of expenses. Operating expenses in P&C were slightly lower due to lower commissions, although this was partly offset by investments in the new IT architecture, marketing costs and project costs for streamlining the organisation.

Operating expenses related to the insurance activities expressed as a percentage of net earned premiums (net expense ratio) improved slightly to 25.4% (H1 2011: 25.6%). The claims ratio increased by 7.8%-points to 74.1%, mainly because of the additional provision on our long-term disability product (WGA) in Income Protection. The combined ratio increased to 99.5% (H1 2011: 91.9%).

Solvency of our Non-life Netherlands segment increased slightly to 247% per end of June (year-end 2011: 245%).

Non-life Netherlands

BUSINESS LINES

Property & Casualty

Gross written premiums on our Property & Casualty (P&C) business in the Netherlands in the first six months were €1,477 million, in line with the year-earlier period (H1 2011: €1,480 million). This was the result of a slight decline in the Motor portfolio, which was impacted by the current difficult economic climate, offset by modest increases in all other product lines (e.g. General Liability, Property, Legal Assistance and Transport). Profit before tax was €165 million (H1 2011: €191 million), due to higher investments in IT and higher marketing and project costs, partly offset by lower broker commissions. This also impacted the expense ratio of P&C in the Netherlands, which increased to 26.8% (H1 2011: 25.4%).

The claims ratio of P&C in the Netherlands increased to 63.4% (H1 2011: 62.8%). Claims were slightly higher, following a higher number of storm claims within the agricultural sector, and a higher number of fire claims in the first quarter. Consequently, the combined ratio in the Netherlands increased to 90.2% (H1 2011: 88.2%).

Income protection

Gross written premiums on Income protection in the Netherlands were €537 million in the first six months, in line with the year-earlier period (H1 2011: €534 million). The Income Protection business produced a loss before tax of €83 million compared to a €19 million profit in H1 2011. The expense ratio improved to 20.7% (H1 2011: 26.1%) as net earned premiums increased and costs decreased by 17%. This cost decrease was due to fewer FTEs and a continued focus on costs, lower expenses following a change in the allocation of claim handling expenses and temporarily lower commissions following a change in the allocation of costs through the accounting year.

The claims ratio increased in the first half of 2012 to 111.3% (H1 2011: 78.6%). The increase relates mainly to the €87 million additional provision on our long-term disability insurance. This addition was made in expectation of a higher inflow and a longer duration of insured persons in the WGA, partly as a result of the continuing troubled labour market conditions, where both claim frequency and claim duration increased above our own and market expectations. To better position itself in the market and counter the increase in claim costs, Achmea has taken various steps. We will adjust our proposition to customers and improve our claims handling further. We will also align better with UWV, the government agency responsible for the medical (re-)examinations of occupationally disabled. Without the additional provision for our long-term disability product, the claims ratio for the first half of 2012 would be 86.1%. In addition, the increase in the Income Protection claims ratio relates to a higher claims ratio within our disability product for the self-employed in H1 2012 due to the release of provisions in 2011. On balance, the combined ratio in the Netherlands increased to 132.0% (H1 2011: 104.7%).

Health Netherlands

- Good performance in H1 2012
- Hospital contracting 2012 completed, contracting for 2013 and 2014 under way
- More selective use of supplementary healthcare impacts claims ratio

€ million

RESULTS	H1 2012	H1 2011	Δ%
Gross written premiums	6,938	6,382	9%
Operating expenses	256	222	15%
Profit before tax	**197**	**157**	**25%**

KEY FIGURES BASIC HEALTH	H1 2012	H1 2011	Δ %-pts
Claims ratio	94.8%	96.2%	-1.4%pts
Expense ratio	2.8%	2.7%	0.1%pts
Combined ratio	**97.6%**	**98.9%**	**-1.3%pts**

KEY FIGURES SUPPLEMENTARY HEALTH	H1 2012	H1 2011	Δ %-pts
Claims ratio	83.3%	80.7%	2.6%pts
Expense ratio	8.9%	9.5%	-0.6%pts
Combined ratio	**92.2%**	**90.2%**	**2.0%pts**

	30-06-2012	31-12-2011	Δ %-pts
Regulatory solvency ratio	146%	192%	-46%-pts

GENERAL

For Achmea, Dutch health insurance is both a core business and a core competence. Of Achmea's gross written premiums, 60% are generated by the Health Netherlands business (H1 2011: 58%). At the end of 2011 Achmea merged with De Friesland Zorgverzekeraar (DFZ), and DFZ's results are incorporated into Achmea's results for the first time in H1 2012.

Results

In H1 2012 total gross written premiums increased by 9% to €6,938 million, from €6,382 million in H1 2011. This strong growth can be attributed to the DFZ merger. Corrected for the premiums of DFZ of €699 million, gross written premiums would have decreased slightly by 2% to €6,239 million (H1 2011: €6,382 million) due to lower contributions from the risk equalisation pool (ZvF).

Profit before tax increased to €197 million (H1 2011: €157 million), driven in part by higher results in Basic Health, which were partly offset by lower results in Supplementary Health, and the DFZ merger, which added €15 million. Operating expenses were higher than H1 2011, due to the DFZ merger. Corrected for the merger (impact €30 million), operating expenses were in line with last year.

The claims ratio of Basic Health insurance improved by 1.4%-points, mainly as a result of favourable claims development related to previous years. The expense ratio was comparable with H1 2011, resulting in a lower combined ratio compared to the year–earlier period.

The solvency ratio decreased from 192% at year-end 2011 to 146% at the end of June, primarily because of the Dutch Central Bank's increased solvency requirements for Basic Health insurance from 9% to 11%. This is still well above the minimum legal and internal requirements.

BUSINESS LINES

Basic Health

In H1 2012 gross written premiums for Basic Health increased to €6,096 million (H1 2011: €5,659). DFZ contributed €615 million to Basic Health's gross written premiums in the first half of 2012. Corrected for this, Basic Health's gross written premiums decreased by 3%. Excluding DFZ, premiums from customers increased by 3% to €2,414 million (H1 2011: €2,355 million), which was more than offset by lower contributions from the risk equalisation pool. The latter decreased 7% to €3,067 million (H1 2011: €3,304 million) due to lower claims estimates. Of DFZ's gross written premiums, €300 million were from customers and €315 million were contributions from the risk equalisation pool.

In July 2011 the Dutch Health Ministry, hospitals and Dutch health insurers reached an agreement in principle to contain the increase of healthcare and hospital spending to a maximum of 2.5% per year. To achieve this, and to further improve the quality and efficiency of healthcare, more financial risk and responsibility is shifted to health insurers and to the insured. Health insurers can help bring down costs by selectively purchasing healthcare. For the current year, we made valuable arrangements with healthcare providers about quality and about more care per euro as the costs for healthcare are rising faster than expected. Negotiations with hospitals for the years 2013 and 2014 are under way and we hope to conclude these talks in November.

Profit before tax at Basic Health increased by €23 million to €112 million (H1 2011: €89 million), mainly as a result of the impact of the release of claims provisions from previous years. The DFZ integration improved the result by €9 million.

The claims ratio improved 1.4%-points to 94.8% compared to 96.2% in H1 2011, mainly as a result of favourable claims development related to previous years. The expense ratio was 2.8% against 2.7% in H1 2011. The combined ratio was 97.6% compared to 98.9% in H1 2011.

Supplementary Health

In H1 2012 gross written premiums at Supplementary Health were €826 million (H1 2011: €709 million), an increase of 17% year-on-year. Excluding the impact from DFZ (€82 million), the increase would have been 5%, which was mainly due to premium increases.

H1 2012 profit before tax at Supplementary Health was €61 million, a decrease of €8 million year-on-year. This decrease was caused by fewer policyholders selecting additional healthcare insurance, policyholders using their supplementary health package more efficiently and a more flexible approach considering dental care claims. The decrease was partially offset by DFZ's contribution to the results (€4 million) and by the release of provisions relating to previous years.

The claims ratio deteriorated by 2.6% to 83.3%, but the expense ratio improved to 8.9% from 9.5% in H1 2011. This resulted in a higher combined ratio of 92.2% against 90.2% in H1 2011.

Pension and Life Netherlands

- Profitability stable despite continued challenging market conditions
- Life insurance market remains under pressure due to low long-term interest rates
- Use of Market Consistent Value of New Business impacts margins

€ million

RESULTS PENSION AND LIFE NETHERLANDS	H1 2012	H1 2011	Δ%
Gross written premiums	1,865	1,866	0%
Operating expenses	171	154	11%
Profit before tax	**137**	**135**	**1%**
KEY FIGURES BASED ON MARKET CONSISTENT EV	H1 2012	H1 2011	Δ%
Value added by new business	-7	5	n.m.
New business APE	42	55	-24%
PVNBP	491	544	-10%
New business margin	-1.4%	0.8%	-2.2%-pts
Value added by new business as % of APE	-16.3%	8.4%	-24.7%-pts
	30-06-2012	31-12-2011	Δ %-pts
Regulatory solvency ratio	263%	209%	54%-pts

GENERAL

Pension and Life Netherlands, including Individual Life and Pension insurance, is a major activity for Achmea. In H1 2012, 16% of our gross written premiums were generated by Pension and Life in the Netherlands (H1 2011: 17%).

Results

The Dutch life insurance market is feeling the effects of the low long-term interest rates. Furthermore, new sales are under pressure due to declining (housing) markets, reinforced by the growing popularity of 'bank savings' products and less customer interest for unit-linked policies. Despite these developments, we have succeeded in stabilising gross written premiums at €1,865 million (H1 2011: €1,866 million). The decrease of gross written premiums in Life insurance was offset by an increase in gross written premiums in Pension and Reinsurance activities.

In H1 2012 profit before tax increased slightly to €137 million (H1 2011: €135 million). The result was positively affected by a switch in the discount rate (e.g. yield curve) for measuring liabilities of certain insurance portfolios (a one-off impact). For these insurance portfolios the 'ultimate forward rate 4.2%' (UFR) methodology rather than the lower ultimate swap curve is applied in anticipation of the introduction of Solvency II. This switch in curve had a positive impact on the technical result. The cost result came under pressure in the first half of 2012. Operating expenses were up 11% to €171 million (H1 2011: 154 million). However, corrected for a one-off benefit of repayments of commissions, operating expenses in the first half of 2011 were €160 million.

The solvency level improved significantly from 209% at year-end 2011 to 263% at the end of June 2012, mainly as a result of switching from the swap curve to the ECB AAA curve with UFR methodology. The switch of the curve affected the solvency ratio by 50%-points.

MCVNB

Achmea is reporting Value of New Business (VNB) under Market Consistent (MCEV) principles rather than European Embedded Value (EEV) principles for the first time in H1 2012. This means that the actual yield curves are taken into account for both discounting and calculating investment returns, while under EEV credit was taken for extra returns on credits and equities. Given the current low interest yield environment, this directly negatively affects the margins on new business.

As a consequence, the Market Consistent Value of New Business (MCVNB) deteriorated from €5 million in H1 2011 to minus €7 million in H1 2012. Additionally, lower sales – especially in term insurance – impacted our MCVNB.

Annual Premium Equivalents (APE), which helps insurers compare the amount of new business gained in a defined period, decreased 24% to €42 million (H1 2011: €55 million). The decline was mainly in the Individual Life segment, which was impacted by the slowdown of new mortgage production. The MCVNB margin declined from 0.8% to minus 1.4% due to lower interest rates.

BUSINESS LINES

Pension Insurance

The gross written premiums of our Pension insurance business (group contracts) amounted to €598 million. Despite fierce competition, this is an increase of €53 million year-on-year. This increase is primarily due to higher single premiums.

Individual Life Insurance

In H1 2012 gross written premiums decreased 4% to €1,267 million (H1 2011: €1,321 million). The decrease was caused primarily by lower premiums from asset accumulation products due to competition from bank savings products, including conversions, and lower new business term insurance due to the declining housing market.

Achmea is considering setting up a separate closed book organisation to face the developments in the life market and to maintain profitability. The main challenge there will be to manage the closed portfolio efficiently and effectively and to Achmea's high standards of service. We will continue to focus on term insurances and funeral insurance.

International

- Focus on long-term opportunities
- Lower operating expenses due to cost savings and lower acquisition costs
- Gross written premiums decreased

€ million

RESULTS INTERNATIONAL	H1 2012	H1 2011	Δ%
Gross written premiums	653	700	-7%
Operating expenses	191	202	-5%
Profit before tax	**-34**	**-20**	**-70%**
	H1 2012	H1 2011	Δ%
Gross written premiums	**653**	**700**	**-7%**
Russia	32	45	-29%
Greece	209	218	-4%
Turkey	159	175	-9%
Other*	253	262	-3%
	30-06-2012	31-12-2011	Δ%-pts
Regulatory solvency ratio	243%	239%	4%-pts

** This includes Slovakia, Bulgaria, Romania, Ireland and France (in H1 2011 only).*

GENERAL

Over the long-term, international business offers good growth opportunities. Achmea's International segment includes all activities outside the Netherlands and operates in seven countries: Greece, Turkey, Russia, Slovakia, Ireland, Bulgaria and Romania. New business opportunities are under development in mutual partnership with Rabobank in Australia.

Results

In H1 2012 gross written premiums for the International activities were €653 million (H1 2011: €700 million). Gross written premiums decreased due to a number of factors, such as our aim to only write profitable contracts and currency effects.

Profit before tax in H1 2012 was minus €5 million if corrected for the €29 million loan loss provision for our Irish Finance company in run-off, versus minus €2 million in H1 2011 if corrected for the sale of Avéro Belgium and the impairments on Greek government bonds. This was due to a continued focus on profitability, cost savings and improved operational performance. Overall, the H1 2011 result was minus €34 million compared to minus €20 million in H1 2011. Solvency at our international business improved to 243% at the end of June 2012 from 239% at the end of 2011.

CORE COUNTRIES

Greece – Interamerican

Interamerican Greece is performing well under difficult economic conditions. The core business is Non-life along with Life and Health insurance. In H1 2012 gross written premiums decreased slightly to €209 million (H1 2011: €218 million), which is significantly better than the market average. This above market performance is partly due to the leadership position of our direct insurance channel Anytime, which surpassed 150,000 policies.

Turkey – Eureko Sigorta

Eureko Sigorta's core business is Non-life along with Health insurance, with a predominance in Bancassurance sales in close cooperation with our strategic partner Garanti Bank. Gross written premiums decreased to €159 million (H1 2011: €175 million) partly due to foreign exchange differences (€8 million) and lower sales in some product lines in Non-life. It was decided in the first half of the year not to exercise our call option on Garanti Emeklilik, the Life business of Garanti Bank.

International

Russia – Oranta

Our business in Russia offers Non-life and Health insurance, mainly as a complement to state provided care. Gross written premiums in the first six months of 2012 were €32 million (H1 2011: €45 million). The focus has been on streamlining the business, building a centralised operational platform and closing unprofitable branches. These changes have been reflected in an improved bottom line performance.

Other countries

Union in Slovakia offers Health, Non-life and Life insurance and is performing well commercially and operationally. Gross written premiums increased slightly to €132 million compared with €130 million in H1 2011 due to better results across all business lines compared to last year.

Friends First Life in Ireland offers life products.
In H1 2012 gross written premiums rose to €109 million (H1 2011: €108 million).

In the first half of 2012 the gross written premiums in Interamerican Bulgaria and Romania Asigurari were €12 million (H1 2011: €17 million).

Run-off business

Our Irish finance company went into run-off in 2009. The company is successfully bringing down the outstanding loan portfolio and exposure of the finance portfolio has been lowered by almost half compared to the same period last year. Nevertheless, additional loan loss provisions were required, to the amount of €29 million (H1 2011: €1 million).

Banking Netherlands

- Lower result following lower interest margin due to higher funding costs
- Increased volume of savings in retail banking
- Successful placement of Achmea mortgage securitisation transaction

€ million

RESULTS BANKING NETHERLANDS	H1 2012	H1 2011	Δ%
Net interest margin	34	42	-19%
Realised and unrealised results	34	14	143%
Operating expenses	51	45	13%
Additions to loan loss provisions	8	-5	n.m.
Profit before tax	**15**	**21**	**-29%**
CORE TIER 1 RATIO	30-06-2012	31-12-2011	Δ %-pts
Achmea Bank Holding*	13.4%	12.3%	1.1%-pts
Staalbankiers*	12.5%	13.1%	-0.6%-pts

** Based on statutory basis*

GENERAL

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

Results

In H1 2012 our banking activities realised a profit before tax of €15 million (H1 2011: €21 million). The decrease from the same period a year earlier was due to the lower net interest margin of €34 million (H1 2011: €42 million), which declined mainly due to higher funding costs.

Operating costs increased to €51 million compared to €45 million in the same period a year earlier, due to higher front office costs and project costs. Additions to the loan loss provision increased by €3 million if corrected for the one-off €10 million release in 2011. The efficiency ratio improved from 74% to 69%.

BUSINESS LINES

Achmea Bank

H1 2012 profit before tax at Achmea Bank, which consists of Achmea Hypotheekbank and Achmea Retail Bank, was €29 million compared to €30 million in the same period a year earlier. The net interest margin came under pressure due to higher funding costs on savings and a low return on surplus liquidity. Achmea Bank has held significant additional liquidity buffers in anticipation of refinancing commitments during the second half of 2012. The fair value results were higher as a result of the lower interest margin and decreased USD/EUR basis spread. The mortgage portfolio decreased by €0.2 billion to €12.0 billion.

Additions to the loan loss provision were slightly higher than the same period in 2011, due to inflow increases and a decrease in collateral value as a result of lower house prices. In basis points of the total portfolio, the additions to the loan loss provision amounted to 8 basis points, reflecting the high quality of our mortgage portfolio. Part of our strategy is to reduce reliance on the capital markets and increase the relative percentage in savings. Savings at Achmea Retail Bank increased in the first half to €3.4 billion, a rise of €0.5 billion compared to year-end 2011. The core Tier 1 ratio improved to 13.4% from 12.3% at year-end 2011.

Achmea Hypotheekbank is active in the capital markets and, in spite of difficult market conditions, successfully placed almost €800 million in residential mortgage backed securities with institutional investors at attractive funding levels.

Staalbankiers

The operating environment for private bankers is highly challenging due to financial market pressures. For Staalbankiers, maintaining financial strength, customer focus and building trust remain the goals in uncertain times. Despite difficult market circumstances, Assets under Management of Staalbankiers remained stable at €1.6 billion. Staalbankiers' core Tier 1 ratio is 12.5% against 13.1% at year-end 2011.

Other

- Better holding results due to focus on cost reductions
- Syntrus real estate portfolio increased €1 billion to €15 billion
- Interest in F&C Asset Management divested

€ million

RESULTS OTHER	H1 2012	H1 2011	Δ%
Total income	126	134	-6%
Operating expenses	329	407	-19%
Interest expenses	41	39	5%
Other expenses	-3	7	n.m.
Profit before tax	**-241**	**-319**	**-24%**

GENERAL

Pension Services (previously included in segment Pension and Life Netherlands), Shared Service Centers, Strategic shareholdings and Holding activities are clustered under this segment.

Results

H1 2012 profit before tax was minus €241 million, a €78 million improvement on the same period a year earlier (H1 2011: minus €319 million) mainly due to cost reductions. Income was down by 6% to €126 million (H1 2011: €134 million), mainly due to lower interest income on deposits and one-off results in H1 2011 related to interest refunded on taxes.

Expenses

Our ongoing focus on cost reduction is proving successful, as evidenced by the 19% decrease in operating expenses in H1 2012 to €329 million (H1 2011: €407 million). This decrease was in part due to our decision to charge certain investments in strategic projects directly to our business entities.

Pension Services

We offer management and administrative services to pension funds through Syntrus Achmea. At the end of the reporting period, Assets under Management (AuM) were €60 billion (year-end 2011: €57 billion). The increase in AuM was caused primarily by an inflow of funds. The real-estate component of Syntrus Achmea's AuM increased to €15 billion (year-end 2011: €14 billion). Total fee and commission income decreased to €127 million (H1 2011: €135 million) due to the departure of some pension fund clients.

Strategic Shareholdings

In the first half of the year we sold our entire interest (9.6%) in F&C Asset Management. The sale of F&C Asset Management fits in our policy of focussing on core competences and activities and the de-risking of, in particular, concentration risk. The sale and further settlement led to a small profit of €1 million.

In H1 2012 we had to impair the shares of MillenniumBCP for €5 million (H1 2011: €21 million). No dividends have been received.

The results of Independer.nl have been consolidated in the Achmea figures from H1 2012.

Investments

GENERAL

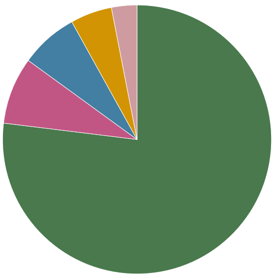
Investment portfolio

Achmea's own-risk investment portfolio increased by 3% to €43.6 billion at the end of June 2012 (year-end 2011: €42.4 billion). This is excluding investments in strategic shareholdings but including investment property. The increase is due mainly to our fixed income positions (76% of the total portfolio) as a result of lower interest rates and narrowing spreads. Our derivative position (7% of the total portfolio) increased by €0.2 billion to €3.2 billion as a result of lower interest rates. This exposure is fully collateralised so the risk on this position is negligible. Derivatives are solely used for hedging interest rate and exchange rate risks. The composition of the portfolio remained more or less stable compared to last year. The relative position of fixed-income securities, including loans and mortgages, remains at 76% (year-end 2011: 76%) of the total investment portfolio. Our deposits with credit institutions and reinsurers are €3.5 billion, which is around 8% (year-end 2011: 8%) of our total investment portfolio. Only 5% of our investment portfolio is invested in equity and alternative investments, reflecting our prudent investment policy.

We limited the impact of negative developments in the financial markets on our Dutch activities (93% of our own-risk portfolio) by following an effective interest rate risk hedging policy. The total return on our Dutch investment portfolio for the first half of 2012 was 3.3% (H1 2011: minus 0.5%).

TOTAL INVESTMENT PORTFOLIO 30 JUNE 2012 (€43,6 BILLION)

Fixed income	77%
Deposits	8%
Derivatives	7%
Equities and similar investments	5%
Real Estate	3%
Other	0%



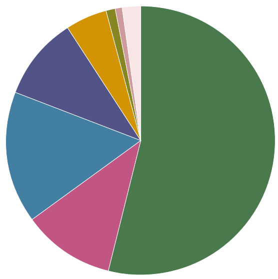
Fixed-income portfolio

The fixed-income portfolio increased by 4% to €33.3 billion (year-end 2011: €32.0 billion) in the first six months of the year. The majority of investments (65%, or €21.6 billion in H1 2012 against 72%, or €23.1 billion at year-end 2011) are in government bonds or are government related/guaranteed. The government bonds are predominantly Dutch, German and French. Starting in the first quarter of 2012 we shifted 10% (around €1.6 billion) of our Dutch, German and French government bonds to low risk credits issued by investment grade companies with low leverage and a low probability of default. By selecting bonds with relatively short maturities and relatively high seniorities, we limit mark-to-market volatility substantially.

The position in loans (8%) consists mainly of savings accounts related to mortgages and pension products with Rabobank. A part of our fixed-income portfolio consists of corporate bonds without government guarantees (25%, or €8.3 billion against 18%, or €5.7 billion at year-end 2011). Of the corporate bonds, approximately one-quarter is invested in covered bonds and asset-backed securities and only a small amount are in high-yield bonds (2% of the fixed-income portfolio). The fixed-income portfolio can be characterised as rather conservative.
Of the fixed-income portfolio, 67% (73% at year-end 2011) has a AAA rating.

RELATIVE POSITION OF FIXED-INCOME INVESTMENT BY NATURE, 30 JUNE 2012 (€33,3 BILLION)

Government bonds	54%
Government related/guaranteed	11%
Credits	16%
Loans	10%
Covered bonds	5%
Convertibles	1%
High yield corporate bonds	1%
Asset backed securities	2%



€ million

FIXED INCOME PORTFOLIO BY RATING	30-06-2012	31-12-2011
AAA	67%	73%
AA	12%	11%
A	9%	6%
BBB	9%	7%
<BBB	1%	1%
Not rated	2%	2%
Total	**100%**	**100%**

Investments

TOP 5 GOVERNMENT EXPOSURE

€ million

	30-06-2012	31-12-2011	RATING
Netherlands*	10,356	10,512	AAA
Germany	4,549	4,936	AAA
France	1,927	2,561	AAA
Finland	489	570	AAA
Ireland	462	411	BBB+

** Excluding deposits.*

On 30 June 2012, our sovereign exposure to GIIPS countries (Greece, Ireland, Italy, Portugal and Spain) amounted to €615 million (year-end 2011: €580 million) or only 1.8% (year-end 2011: 1.8%) of the fixed-income portfolio. Our exposure to Greece and Ireland relates exclusively to our activities there. The lower market and nominal value position in Greece is due to the Private Sector Involvement (PSI) (debt swap) program. Our operating company, Interamerican, swapped its nominal €145 million of old Greek government bonds into new Greek government bonds and EFSF AAA bonds.

SOVEREIGN EXPOSURE GIIPS COUNTRIES

€ million

	30-06-12	%*	NOMINAL VALUE	31-12-11	NOMINAL VALUE
Greece	7	0.0%	46	31	145
Ireland	462	1.4%	481	411	480
Italy	58	0.2%	60	57	60
Portugal	43	0.1%	48	33	47
Spain	45	0.1%	48	48	48
Total	**615**	**1.8%**	**683**	**580**	**780**

** Percentage of total fixed income portfolio.*

Equity and alternative portfolio

On 30 June 2012, the equity portfolio was slightly higher at €0.9 billion (year-end 2011: €0.8 billion) or 2% of the total investment portfolio. The slight increase over the first half of 2012 is attributable to higher equity markets.

In addition to the equity portfolio, we also manage a portfolio of alternative products, such as private equity, hedge funds, infrastructure and commodities. The alternatives portfolio amounts to €0.8 billion against €0.9 billion at year-end 2011. The equity and alternatives portfolio is, aside from foreign exchange risk, not hedged.

Real estate portfolio

On 30 June 2012, the real estate portfolio amounted to €1.7 billion (year-end 2011: €1.7 billion) or 4% of the investment portfolio. The portfolio consists of €0.5 billion indirect real estate and €1.2 billion direct real estate. The direct real estate portfolio consists of 36% residential, 30% offices, 29% retail and 5% other real estate. The real estate market in the Netherlands is sluggish, especially in the office segment. In total, negative revaluations amounted to €39 million in H1 2012, mainly in the office segment. Nevertheless, we still made a positive total return on our real estate. Difficult market conditions (uncertain economy, no available credit, uncertainty surrounding interest tax relief and high vacancies) have resulted in a decline in transactions. Several initiatives have been taken by Achmea to increase transaction activity, including object transitions and relocating businesses. Achmea has also been active in establishing the signed covenant by the parties involved on the real estate market of offices. This covenant will result in several measures to reduce the vacancy of offices.