HALF YEAR REPORT

2015

achmea

Board Report
Group developments
Financial results
Uncertainties in the second half year of 2015
Statement of the Executive Board of Achmea B.V.

Condensed Consolidated Interim Financial Statements
Consolidated Statement of Financial Position (before appropriation of result)
Consolidated Income Statement
Consolidated Statement of Comprehensive Income
Consolidated Statement of Changes in Total Equity
Condensed Consolidated Statement of Cash Flows
Notes to the Condensed Consolidated Interim Financial Statements
Independent auditor´s review report on the Condensed Consolidated Interim Financial Statements

Board report

GROUP DEVELOPMENTS

We are now half-way through our three-year Acceleration & Innovation programme and many improvements have already been implemented with regards to customer centricity. Over one hundred and fifty new initiatives have been set up throughout the company. Acceleration & Innovation is divided into four cornerstones: customer-driven, competitive costs, responsible returns and employees in transition. Major progress has been made in each of these.

Customer-driven

For some time now we have continuously measured customer satisfaction at almost all our brands using the Net Promoter Score (NPS). Centraal Beheer, among others, has increased its NPS among business customers by aiming to provide excellent service in this segment too. The fact that our insurance products are among the best in the Netherlands can be seen from a recent test of home insurance products conducted by the Consumers Association. FBTO and Interpolis were among the top three of the best contents and buildings insurers in the July/August issue of the Consumentengids.
Achmea's score on the AFM's customer centricity dashboard has further increased. It rose from 3.3 to 3.4 on a scale of 5 and is average for the sector. Achmea is therefore on the right track but there is still room for improvement.
The growing sharing economy is playing a major role in adapting our operations. Following cooperation with Snappcar and Peerby, Centraal Beheer now also covers damage to homes or contents in the event of temporary leasing via Airbnb as standard.
The apps that Zilveren Kruis and Centraal Beheer launched last year have now been downloaded over 70,000 and 40,000 times respectively. Nowadays, about 45% of all submitted healthcare bills are sent to Zilveren Kruis electronically, including via the new app.
A survey by Return Social has shown that FBTO stands out positively when it comes to questions via social media. This consultancy bureau investigates how companies respond to questions via Facebook and Twitter. In the Financials category, FBTO scored the best, with all questions correctly answered within one hour.
Interpolis, which has long devoted a great deal of attention to prevention, is working on making customers more aware of the importance of cybersecurity. With a view to small and medium-sized businesses in particular being better protected against cybercriminality, Interpolis has developed the Cyber Prevention Service. Preventive solutions are provided for making businesses more resistant to digital attacks.

Competitive costs

We are on track for our ambition of cutting operational expenses by €450 million by the end of 2016 and also expect to achieve the reduction of about 4,000 j number of employees (FTEs). Costs have been reduced in the first six months of this year. The number of employees (FTEs)in the Netherlands have decreased by 838. Our total cost decreased over €200 million and the number of employees reduced with 2,600. Over the next few months we will work on further savings arising from our Migration to Digital Customer Service (MDKB) programme. By automating our processes we further raise customer satisfaction and our NPS scores and also incur fewer costs. We are also focusing on further digitisation in attracting new customers.

Responsible returns

Achmea aims to continue offering its customers a good pension. For this reason, Centraal Beheer is taking the strategic step to create a General Pension Fund (GPF). The GPF fits in with our long tradition of being a cooperative insurer, and as such we have plenty of experience of representing all the interests in the pension market. Centraal Beheer also provides us with a strong starting position in the market.
We are consolidating our close commercial and strategic ties with Rabobank. A quarter of Rabobank customers purchase insurance as well as banking products. Together we are working on increasing that percentage.

Board report

Employees in transition

The new Collective Labour Agreement (CAO) that we concluded at the start of this year also reflects the organisational changes that have been set in motion. The main themes are sustainable employability, vitality and employee mobility. Transparent communication is more important than ever. Our policy terms and conditions have been simplified already. Over 10,000 Achmea employees have also attended a course on the importance of clear communications - especially to customers. We now send our customers letters and e-mails containing as little jargon and other complicated constructions as possible.

Governance

The appointment of Bianca Tetteroo to Achmea’s Executive Board was announced in early June. She will fill the vacancy left by the departure of Danny van der Eijk. Furthermore, Roelof Konterman was appointed Vice-Chairman. The departure of Jeroen van Breda Vriesman was announced at the start of July. The Supervisory Board expects to clarify the situation around his succession soon. Van der Eijk and Van Breda Vriesman both made significant contributions to Achmea in their various roles.

Board report

FINANCIAL RESULTS

General information

Achmea posted an operational result of €285 million for the first six months of 2015, double the operational result of €142 million over the same period last year. The higher result derives mainly from higher investment results and releases of provisions in the Health segment. The Net profit was €272 million (H1 2014 - €58 million). Reorganisation expenses and goodwill impairments reduced profit before tax by a total of €188 million in 2014.

Net result

Gross written premiums amounted to €16,902 million and are in line with the same period last year (€17,017 million). This indicates that the majority of Dutch consumers have continued to purchase non-life insurance or health insurance of one of our brands. In the health insurance business a deliberate choice has been made to keep premiums competitive and allocate part of our reserves. Operating expenses are down by 4% (adjusted for nonrecurring events), whereby the effects of our Acceleration & Innovation reorganisation programme are becoming visible. Our solid financial position was strengthened by an increase in the solvency margin on insurance entity level from 215% to 225%.

(€ MILLION)

	FIRST HALF YEAR 2015	FIRST HALF YEAR 2014
Operational result	**285**	**142**
Impairments on intangible assets		-143
Reorganisation expenses		-45
Transactions results, divestments	5	
Profit before tax	**290**	**-46**
Income taxes	18	12
Net result	**272**	**-58**

Operational result

The operational result is €285 million (H1 2014: €142 million). The result of the first half year of 2015 showed an increase in claims as a result of weather related events. Major storms in January and March this year caused considerable damage (€25 million) at our customers properties.

Results from our basic health insurance developed as expected around the break-even point as a result of our strategic choice in order to keep health insurance premiums low. The transition of long-term healthcare to the basic health insurance system and the rising health care usage is largely compensated by the allocation of a part of our result of 2014. On balance, a non-recurring release of provisions results in a higher segment result. In line with market trend the premium income of the life insurance activities continue to be under pressure. The results of our international participations are up thanks to good commercial performance, improvements of operating expenses and the sale of loss-making activities.

The recognised result on investments (own risk) is €129 million higher compared to the first half of 2014. Higher realised gains on both fixed income and equities resulted in an effect of €102 million while the indirect return on real estate developed €22 million favourably compared last year. While our exposure to retail and office property is on balance still subject to a slight downward revaluation, the value of residential property has been growing in the first six months of 2015.

The realised gains on fixed income has been picked-up mainly by a change in composition of the portfolio. The tight spreads have led to the exchange of a large portion of our covered bonds portfolio for less liquid but higher yielding fixed income investments such as private loans and to expand our portfolio containing direct mortgages. Over the past six months our exposure to direct mortgages for the insurance business has risen by €937 million to €2.5 billion as of mid-2015. The target is to reach approximately €4 billion by the end of 2015.

Board report

The positive trends on the financial markets have been a major driver for the increase in the results achieved via regular sales in our equity portfolios. With respect to the portfolios composition, as well as a positive market climate, an additional allocation of about €200 million in equities increased exposure to €3.5 billion as of 30 June 2015.

All investment results on fixed income securities and derivatives of the Dutch Pension & Life activities are set aside in a Fund for Future Appropriation (FFA). This relates to a provision to cover obligations to our customers. The addition is presented as part of the movement on insurance liabilities. By this way of doing, realised and unrealised revaluations of these securities and derivatives are part of insurance liabilities. The rise in market interest rates resulted in a decrease in the first half of 2015 of the FFA. The FFA declined to €5.9 billion (year-end 2014: €6.7 billion).

Operating expenses

Our aim remains to cut our operating expenses by €450 million on a long-term basis by the end of 2016. On account of our changing processes and procedures and further digitisation, it is unavoidable that the positions at our Dutch activities will decrease by approximately 4,000 number of employees (FTEs) by the end of 2016.

Adjusted for nonrecurring effects in 2015 and 2014, operating expenses declined by 4%. This decline is mainly the result of a reduction in personnel costs following a decreasing number of jobs and a decline in IT costs as a result of further rationalization of our system environment. The effects in 2014 relate to costs of divested operations and in 2015 the higher pension costs caused by the decreased interest. Without taking in account this adjustment for nonrecurring effects, operating expenses declined 3% compared to the same period in 2014.

The number of jobs at the company was further reduced in 2015. The total number of employees (FTEs) decreased by 739, or over 4%, to 15,817 (year-end 2014: 16,556). The number of employees (FTEs) in the Netherlands was reduced by 838 to 13,272, mainly as a result of the implications for staff due to the Acceleration & Innovation programme. The number of employees (FTEs) outside the Netherlands increased by 99 to 2,545. This is owed to new job opportunities created to realise further growth.

UNCERTAINTIES IN THE SECOND HALF YEAR OF 2015

As an insurance company, Achmea is in the 'business of risks' and as a result is exposed to a variety of risks and uncertainties, amongst which: changes in the (global) financial markets and local political and economic developments that demonstrate a political uncertainty in particular related to Health Insurance in the Netherlands. These risks may have an impact on Achmea's performance in the coming half year.

Management has been monitoring and continues to closely monitor the economic situation in Greece and the recent developments in Europe regarding the finance arrangements with the Greek government. As to date, management has no indications that the economic situation in Greece will have a significant adverse impact on the business, but this risk may have an impact on Achmea's performance in the coming half year.

The risks and uncertainties to which Achmea is exposed are further described in the Risk Management Paragraph of the Consolidated Financial Statements 2014. The Risk Management Paragraph also describes Achmea's risk management and control system on the basis of a strategic risk analysis and the identified significant risks.

We have not identified any additional risks and uncertainties that may need to be described in relation to the second half year 2015.

Willem van Duin
Chairman of the Executive Board, Achmea B.V.
12 August 2015

Board report

STATEMENT OF THE EXECUTIVE BOARD OF ACHMEA B.V.

The Executive Board reviewed the Achmea B.V. Condensed Consolidated Interim Financial Statements on 3 August 2015 and authorised them for submission to the Supervisory Board. The Achmea Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2015 were authorised for issue in accordance with the resolution of the Executive Board on 12 August 2015.

The Executive Board of Achmea B.V. declares that, to the best of their knowledge, the Achmea B.V. Condensed Consolidated Interim Financial Statements 2015 give a true and fair view of the assets, liabilities, financial position and net profit of Achmea B.V. These Condensed Consolidated Interim Financial Statements have been prepared in accordance with the International Financial Reporting Standards, including International Accounting Standards (IAS) and Interpretations as at 30 June 2015 as adopted by the European Union, specifically IAS 34 'Interim Financial Reporting'. The Executive Board of Achmea B.V. is of the opinion that the information contained in these Condensed Consolidated Interim Financial Statements has no omissions likely to modify significantly the scope of any statements made. Furthermore, the Executive Board of Achmea B.V. declares that the Board Report includes a fair view of the information required pursuant to section 5:25d, subsection 8 and 9 of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Zeist, 12 August 2015

Executive Board

W.A.J. (Willem) van Duin, Chairman
R. (Roelof) Konterman, Vice-Chairman
H. (Huub) Arendse, CFO
B.E.M. (Bianca) Tetteroo
H. (Henk) Timmer, CRO

ACHMEA B.V.

CONDENSED CONSOLIDATED INTERIM

FINANCIAL STATEMENTS

30 JUNE 2015

Condensed Consolidated Interim Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BEFORE APPROPRIATION OF RESULT)

(€ MILLION)

	NOTES	30 JUNE 2015	31 DECEMBER 2014
Assets			
Intangible assets	5	1,019	1,066
Associates and joint ventures		144	145
Property for own use and equipment		456	472
Investment property	6	1,112	1,125
Investments	7	46,146	47,137
Investments backing linked liabilities		18,715	18,680
Banking credit portfolio		15,091	15,227
Deferred tax assets		690	528
Deferred acquisition costs		140	139
Amounts ceded to reinsurers		1,498	1,436
Receivables and accruals		13,912	5,534
Cash and cash equivalents		3,701	1,716
Total assets		**102,624**	**93,205**
Equity			
Equity attributable to holders of equity instruments of the Company	8	10,286	9,804
Non-controlling interest		14	14
Total equity		**10,300**	**9,818**
Liabilities			
Insurance liabilities	9	52,102	44,545
Insurance liabilities where policyholders bear investment risks		16,401	17,014
Investment contracts		2,256	2,158
Post-employment benefits	10	916	989
Other provisions	11	416	413
Banking customer accounts		6,864	6,306
Loans and borrowings	12	8,142	7,011
Derivatives		1,965	1,896
Deferred tax liabilities		18	19
Income tax payable		133	89
Other liabilities		3,111	2,947
Total liabilities		**92,324**	**83,387**
Total equity and liabilities		**102,624**	**93,205**

Condensed Consolidated Interim Financial Statements

CONSOLIDATED INCOME STATEMENT*

(€ MILLION)

	FIRST HALF YEAR 2015	FIRST HALF YEAR 2014
Income		
Gross written premiums Non-life	2,263	2,308
Gross written premiums Health	13,178	12,981
Gross written premiums Life	1,461	1,728
Gross written premiums	**16,902**	**17,017**
Reinsurance premiums	−300	−971
Change in provision for unearned premiums (net of reinsurance)	−6,899	−6,852
Net earned premiums	**9,703**	**9,194**
Income from associates and joint ventures	3	1
Investment income	506	515
Realised and unrealised gains and losses	297	1,236
Income from investments backing linked liabilities	529	1,318
Banking income	283	317
Fee and commission income, and income from service contracts	197	204
Other income	48	46
Total income	**11,566**	**12,831**
Expenses		
Claims and movements in insurance liabilities	10,255	13,106
Claims and movements in insurance liabilities ceded to reinsurers	−252	−788
Profit sharing and bonuses for policyholders	109	1,048
Movements in insurance liabilities where policyholders bear investment risks	−613	−2,518
Fair value changes and benefits credited to investment contracts	93	69
Operating expenses	1,367	1,415
Banking expenses	204	240
Interest and similar expenses	31	55
Other expenses	82	250
Total expenses	**11,276**	**12,877**
Profit before tax	**290**	**−46**
Income tax expenses	18	12
Net profit	**272**	**−58**
Net profit attributable to:		
Holders of equity instruments of the Company	270	−59
Non-controlling interest	2	1
Average number of outstanding ordinary shares	400,484,892	400,484,892
Earnings per share from continuing operations (euros) and diluted earnings per share from continuing operations (euros)	0.59	−0.25

** As of December 2014, the presentation of software is changed and amortisation charges related to software have been reclassified from Operating expenses to Other expenses accordingly. For more information reference is made to the Consolidated Financial Statements 2014 paragraph ''Accounting policies, Amendments related to accounting policies, prior period corrections and changes in presentation''.*

Condensed Consolidated Interim Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ MILLION)

	FIRST HALF YEAR 2015	FIRST HALF YEAR 2014
Net profit	**272**	**–58**
Items that will not be reclassified to the Income statement		
Remeasurements of net defined benefit liability [1]	4	–7
Unrealised gains and losses on property for own use [2]	9	
Total items that will not be reclassified to the Income statement	**13**	**–7**
Items that may be reclassified subsequently to the Income statement		
Currency translation differences on subsidiaries, intangible assets, associates and joint ventures [3]	–21	4
Unrealised gains and losses on available for sale instruments [2]	–206	927
Share in other comprehensive income of associates and joint ventures [3]	1	2
Transfer from/to provision for profit sharing and bonuses for policyholders [2]	205	–711
Gains and losses on available for sale instruments reclassified to the Income Statement on disposal [2]	–132	–34
Impairment charges on available for sale instruments reclassified to the Income Statement [2]	2	9
Total items that may be reclassified subsequently to the Income statement	**–151**	**197**
Net other comprehensive income	**–138**	**190**
Comprehensive income	**134**	**132**
Comprehensive income attributable to:		
Holders of equity instruments of the Company	132	131
Non-controlling interest	2	1

[1] *Accounted for as part of Retained earnings*

[2] *Accounted for as part of Revaluation reserve*

[3] *Accounted for as part of Exchange difference reserve*

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY (€ MILLION)

2015	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	REVALUATION RESERVE	EXCHANGE DIFFERENCE RESERVE	HEDGING RESERVE	RETAINED EARNINGS	PROFIT FOR THE YEAR	OTHER EQUITY INSTRUMENTS	EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS OF THE COMPANY	NON-CONTROLLING INTEREST	TOTAL EQUITY
Balance at 1 January	**11,357**	**−235**	**670**	**871**	**−225**	**−7**	**−3,608**	**14**	**967**	**9,804**	**14**	**9,818**
Net other comprehensive income				−123	−20		4	1		−138		−138
Net profit								270		270	2	272
Comprehensive income				**−123**	**−20**		**4**	**271**		**132**	**2**	**134**
Appropriations to reserves			−3	−8			25	−14				
Dividends and coupon payments							−34			−34		−34
Issue, repurchase and sale of equity instruments									383	383		383
Other movements				1			1	−1		1	−2	−1
Balance at 30 June	**11,357**	**−235**	**667**	**741**	**−245**	**−7**	**−3,612**	**270**	**1,350**	**10,286**	**14**	**10,300**

Dividends and coupon payments consist of dividend paid to holders of preference shares of €20 million (first half year 2014: €25 million), coupon payments to holders of Other equity instruments of €22 million (first half year 2014: €19 million), the tax effect on the coupon payments to holders of Other equity instruments is €6 million and Achmea received dividend from Achmea Tussenholding B.V. of €2 million. No dividend is paid to holders of ordinary shares (first half year 2014: €120 million).

Reference is made to Note 8.

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY (€ MILLION)

2014	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	REVALUATION RESERVE	EXCHANGE DIFFERENCE RESERVE	HEDGING RESERVE	RETAINED EARNINGS	PROFIT FOR THE YEAR	OTHER EQUITY INSTRUMENTS	EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS OF THE COMPANY	NON-CONTROLLING INTEREST	TOTAL EQUITY
Balance at 1 January	**11,357**	**−235**	**662**	**581**	**−260**	**−7**	**−3,725**	**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
Issue, repurchase and sale of equity instruments												
Other movements							14			14		14
Balance at 30 June	**11,357**	**−235**	**667**	**760**	**−255**	**−7**	**−3,527**	**−59**	**967**	**9,668**	**16**	**9,684**

Condensed Consolidated Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (€ MILLION)

	FIRST HALF YEAR 2015	FIRST HALF YEAR 2014
Cash and cash equivalents at 1 January	1,716	3,260
Cash flow from operating activities		
Profit before tax	290	–46
Adjustments of non-cash items and reclassifications	344	–1,499
Changes in assets and liabilities	–1,185	–2,032
Changes in operating assets and liabilities	1,155	4,151
Total cash flow from operating activities	**604**	**574**
Cash flow from investing activities		
Investments, acquisitions and direct return on investments	–75	–23
Divestments and disposals	9	13
Total cash flow from investment activities	**–66**	**–10**
Total cash flow from financing activities	**1,447**	**–1,822**
Net cash flow	**1,985**	**–1,258**
Cash and cash equivalents at 30 June	**3,701**	**2,002**
Cash and cash equivalents include the following items		
Cash and bank balances	3,183	1,554
Call deposits	518	448
Cash and cash equivalents at 30 June	**3,701**	**2,002**

Notes to the Condensed Consolidated Interim Financial Statements

1. ACCOUNTING POLICIES

A BASIS OF PRESENTATION

The Condensed Consolidated Interim Financial Statements of Achmea B.V. have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the European Union. The accounting policies, used to prepare these Condensed Consolidated Interim Financial Statements, are in accordance with the International Financial Reporting Standards, including International Accounting Standards (IAS) and Interpretations as at 30 June 2015 as adopted by the European Union. The Condensed Consolidated Interim Financial Statements should be read in conjunction with the Achmea Consolidated Financial Statements 2014. The Achmea Consolidated Financial Statements 2014 are available at www.achmea.com. All amounts in the Condensed Consolidated Interim Financial Statements are in millions of euros unless stated otherwise.

B CHANGES IN REPORTING

The accounting policies and methods of computation are the same as those applied in the 2014 Consolidated Financial Statements, except for changes as described below.

CHANGES IN STANDARDS AND AMENDMENTS WITH FUTURE APPLICATION DATE

There are no new Standards, amendments to Standards and Interpretations issued by the International Accounting Standard Board (IASB) except for those already disclosed in the Achmea Consolidated Financial Statements 2014.

CHANGES IN ACCOUNTING ESTIMATES

In 2015, Achmea changed the discount rate used in the IFRS Liability Adequacy Testing (LAT), using the Euro Swap curve, including a credit risk adjustment, with Ultimate Forward Rate (UFR), a country risk layer and a spread for illiquidity. The elements of this discount curve are in line with the concepts of the discount rate as prescribed for future regulatory reporting (Solvency II). Until 2014, Achmea used the ECB AAA-curve including the UFR. Achmea changed the discount rate, as Achmea is of the opinion that the discount rate used until 2014 no longer sufficiently reflects the characteristics of the cash flows of Achmea's insurance liabilities. This change has no impact on Net profit, Total equity and the solvency ratio of Achmea.

The fair value of mortgages within the Dutch insurance business is determined using pricing models based on the discounted value of estimated future cash flows using current interest rates. As of 2015, the interest rate used is based on rates in the consumers market adjusted for spreads for amongst others the price risk during the offering period. Before 2015, Achmea based the interest rate on spreads a market participant would use when offering mortgages. Achmea changed the methodology used, as Achmea is of the opinion that using the rates in the consumers market results in a more objective basis for fair value purposes. This change in estimation has a positive impact of €1 million on Total equity and Net profit.

C CONSOLIDATION AND ACCOUNTING FRAMEWORK

The Condensed Consolidated Interim Financial Statements comprise Achmea B.V. and its subsidiaries. For the preparation of the Condensed Consolidated Interim Financial Statements managerial judgements, estimates and assumptions are used (e.g. for some of the reported assets and liabilities and the reported amounts of revenues and expenses for the accounting period). The actual outcome may deviate from these assumptions. In preparing these Condensed Consolidated Interim Financial Statements, the significant judgements made by management in applying Achmea's accounting policies and the key sources of estimation uncertainties are the same as applied to the Consolidated Financial Statements for the year ended 31 December 2014.

D SEASONALITY

Inherent in the insurance business and the contractual commitments of Achmea there is a certain degree of seasonality. Gross written premiums and the related Change in provision for unearned premiums (net of reinsurance) are based on the contractual annual premium for the insurance contracts. The inception of a major part of the (health) insurance contracts is per 1 January of a financial year with a contractual term of a year. Gross written premiums are based on the whole contractual term. The premium for the future coverage period is included in the Insurance liabilities for unearned premiums. The related balance sheet items Insurance liabilities and Receivables and accruals have the same seasonality.

2. SEGMENT REPORTING

Segments are components of Achmea that are regularly reviewed by the Executive Board in order to allocate resources to the segment and to assess its performance. Achmea recognises the following segments:

- Non-life Netherlands: consists of insurance contracts issued to customers to cover the risks mainly associated with motor vehicles, property, general liability, occupational health and accident, including disability and short term sickness.
- Health Netherlands: covers basic and supplementary health insurance and health services in the Netherlands.
- Pension & Life Netherlands: covers life and pension insurance, including unit-linked insurance.
- International: contains all activities outside the Netherlands. Segment International operates actively in the countries Greece, Slovakia, Turkey and Ireland, as well as a greenfield start up with Rabobank in Australia. The international activities include primarily insurance activities, but also banking activities. Insurance activities relate to the provision of Non-life, Health and Life insurance policies, including the provision of investment contracts containing no or insignificant insurance risk. Furthermore, associates in which significant influence is exercised by management outside the Netherlands are included within this segment.
- Banking Netherlands: the principal activities are providing residential mortgage loans, saving accounts and private banking. Achmea is active in banking in the Netherlands through Achmea Bank and Staalbankiers.
- Other: consists of both asset and pension fund management activities (Syntrus Achmea) and aggregator activities (Independer.nl). Furthermore, investments not related to the Non-life Netherlands, Health Netherlands, Pension & Life Netherlands, International and Banking Netherlands, shared service centres and staff departments, net of their recharges to the segments described below, are included in this segment.

The segment Health Netherlands consists of two operating segments that have been aggregated based on the fact that they have similar economic characteristics, i.e. the same kind of insurance products are sold by these operating segments. Achmea's Executive Board sets goals and targets for the segments throughout the company. The segments formulate strategic, commercial and financial policies within the overall strategy, performance targets and risk appetite set by the Executive Board.

Management has been monitoring and continues to closely monitor the economic situation in Greece and the recent developments in Europe regarding the finance arrangements with the Greek government. Specifically with regard to our Greek subsidiary, Achmea has established a steering committee, which monitors these developments closely and mitigates resulting capital and market risks where appropriate. In the last few months, measures have been successfully taken to further reduce the exposure in Greece. The net asset value of InterAmerican Greece as at 30 June 2015 amounts to €207 million. The majority of InterAmerican’s assets (mainly investments) are placed outside of Greece, including euro- deposits with non-Greek banks. As to date, management has no indications that the economic situation in Greece will have a significant adverse impact on the business, no specific impairments are considered necessary.

All segment revenues reported relate to external customers. Given the relative size and composition of Achmea’s operations, no customers with a contribution of 10% or more of revenues (Gross written premiums, Banking income and Fee and commission income) are identified. Achmea's activities are located mainly in the Netherlands.

The accounting policies of the segments are the same as those described under Accounting policies. Transfer prices for intersegment transactions are set at a 'cost-price' basis. Segment results represent revenues earned by each segment minus operational and other expenses allocated to the segment. Expenses for shared service centres and corporate expenses are allocated to segments based on the activities performed.

SEGMENT CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	INTERNATIONAL	BANKING NETHERLANDS	OTHER [1]	INTERSEGMENT ELIMINATIONS	TOTAL
Assets								
Intangible assets	706	1	77	138	2	95		1,019
Associates and joint ventures		4	52	80	6	2		144
Property for own use and equipment	68	9	4	51		324		456
Investment property			751	59	5	297		1,112
Investments	6,940	4,482	33,730	2,879	877	646	−3,408	46,146
Investments backing linked liabilities	25		16,209	2,481				18,715
Banking credit portfolio					15,091			15,091
Deferred tax assets				53		637		690
Deferred acquisition costs			51	89				140
Amounts ceded to reinsurers	117	9	449	995			−72	1,498
Receivables and accruals	1,048	11,174	1,097	332	8	356	−103	13,912
Cash and cash equivalents	77	505	272	212	2,540	216	−121	3,701
Total assets	**8,981**	**16,184**	**52,692**	**7,369**	**18,529**	**2,573**	**−3,704**	**102,624**
Equity								
Equity attributable to holders of equity instruments of the Company	2,047	3,114	3,389	840	760	136		10,286
Non-controlling interest	1					13		14
Total equity	**2,048**	**3,114**	**3,389**	**840**	**760**	**149**		**10,300**
Liabilities								
Insurance liabilities	6,556	12,208	30,739	3,547			−948	52,102
Insurance liabilities where policyholders bear investment risks	14		16,090	297				16,401
Investment contracts				2,256				2,256
Post-employment benefits		16		32		−8	876	916
Other provisions	12	12	8	41	4	339		416
Banking customer accounts					8,392		−1,528	6,864
Loans and borrowings	69	37	17		8,299	1,768	−2,048	8,142
Derivatives	4	14	920		990	37		1,965
Deferred tax liabilities						18		18
Income tax payable		−11	−5	4	−1	146		133
Other liabilities	278	794	1,534	352	85	124	−56	3,111
Total liabilities	**6,933**	**13,070**	**49,303**	**6,529**	**17,769**	**2,424**	**−3,704**	**92,324**
Total equity and liabilities	**8,981**	**16,184**	**52,692**	**7,369**	**18,529**	**2,573**	**−3,704**	**102,624**

[1] *Within segment Other there are Intercompany positions with the other segments which can result in negative positions*

SEGMENT CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014 (€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	INTERNATIONAL	BANKING NETHERLANDS	OTHER [1]	INTERSEGMENT ELIMINATIONS	TOTAL
Assets								
Intangible assets	719		115	141	1	90		1,066
Associates and joint ventures		6	51	81	6	1		145
Property for own use and equipment	74	9	4	59		326		472
Investment property			757	60	5	303		1,125
Investments	6,921	4,881	34,386	2,926	1,245	347	–3,569	47,137
Investments backing linked liabilities	25		16,306	2,349				18,680
Banking credit portfolio					15,227			15,227
Deferred tax assets				55		473		528
Deferred acquisition costs			49	90				139
Amounts ceded to reinsurers	75	9	465	961			–74	1,436
Receivables and accruals	939	3,395	989	337	16	–58	–84	5,534
Cash and cash equivalents	36	693	12	204	473	416	–118	1,716
Total assets	**8,789**	**8,993**	**53,134**	**7,263**	**16,973**	**1,898**	**–3,845**	**93,205**
Equity								
Equity attributable to holders of equity instruments of the Company	2,134	2,947	3,291	853	767	–188		9,804
Non-controlling interest	1					13		14
Total equity	**2,135**	**2,947**	**3,291**	**853**	**767**	**–175**		**9,818**
Liabilities								
Insurance liabilities	6,112	5,033	30,687	3,559			–846	44,545
Insurance liabilities where policyholders bear investment risks	12		16,731	271				17,014
Investment contracts				2,158				2,158
Post-employment benefits		24	162	51		–20	772	989
Other provisions	13	11	8	49	4	328		413
Banking customer accounts					7,762		–1,456	6,306
Loans and borrowings	73	46	17		7,188	1,946	–2,259	7,011
Derivatives	18	18	668		1,160	32		1,896
Deferred tax liabilities						19		19
Income tax payable		–9	–5	8	10	85		89
Other liabilities	426	923	1,575	314	82	–317	–56	2,947
Total liabilities	**6,654**	**6,046**	**49,843**	**6,410**	**16,206**	**2,073**	**–3,845**	**83,387**
Total equity and liabilities	**8,789**	**8,993**	**53,134**	**7,263**	**16,973**	**1,898**	**–3,845**	**93,205**

[1] *Within segment Other there are Intercompany positions with the other segments which can result in negative positions*

SEGMENT CONSOLIDATED INCOME STATEMENT FIRST HALF YEAR 2015

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	INTERNATIONAL	BANKING NETHERLANDS	OTHER	INTERSEGMENT ELIMINATIONS	**TOTAL**
Income								
Gross written premiums	1,979	12,996	1,353	579			–5	16,902
Reinsurance premiums	–83	–11	–94	–115			3	–300
Change in provision for unearned premiums (net of reinsurance)	–362	–6,284	–243	–12			2	–6,899
Net earned premiums	**1,534**	**6,701**	**1,016**	**452**				**9,703**
Income from associates and joint ventures				3				3
Investment income	73	20	397	42		9	–35	506
Realised and unrealised gains and losses	88	22	246	–37		–22		297
Income from investments backing linked liabilities			387	142				529
Banking income					281		2	283
Fee and commission income, and income from service contracts	11	39		10		137		197
Other income	6	20	6	7		6	–2	43
Total income (excluding non-operational items)[2]	**1,712**	**6,802**	**2,052**	**619**	**281**	**130**	**–35**	**11,561**
Expenses								
Net claims and movements in insurance liabilities	1,141	6,312	2,219	331				10,003
Profit sharing and bonuses for policyholders	13		95				1	109
Movements in insurance liabilities where policyholders bear investment risks			–641	28				–613
Fair value changes and benefits credited to investment contracts				93				93
Operating expenses related to insurance activities	428	282	212	127				1,049
Other operating expenses	9	10		7	65	227		318
Banking expenses					234		–30	204
Interest and similar expenses	1		2			31	–3	31
Other expenses	11	10	40	–1		25	–3	82
Total expenses (excluding non-operational items)[2]	**1,603**	**6,614**	**1,927**	**585**	**299**	**283**	**–35**	**11,276**
Operational result	**109**	**188**	**125**	**34**	**–18**	**–153**		**285**
Transaction results (mergers and acquisitions)				5				5
Profit before tax	109	188	125	39	–18	–153		290
Income tax expenses								18
Net profit								**272**
Expense ratio[1]	27.9%	4.2%		24.1%				
Claims ratio[1]	74.4%	94.2%		73.5%				
Combined ratio[1]	102.3%	98.4%		97.6%				
Amortisation charges	10	2	32	7		30		81
Impairment losses		1	2			2		5

[1] *The ratios of segment International include both Non-life and Health insurance business.*

[2] *Total income and Total expenses are presented in the Segment Consolidated Income Statement excluding non-operational items. The amounts as presented in the table above can be reconciled with the amounts as presented in the Consolidated Income Statement as follows: Transaction results (mergers and acquisitions) is presented as part of Other income in the Consolidated Income Statement.*

SEGMENT CONSOLIDATED INCOME STATEMENT FIRST HALF YEAR 2014*

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	INTERNATIONAL	BANKING NETHERLANDS	OTHER	INTERSEGMENT ELIMINATIONS	TOTAL
Income								
Gross written premiums	2,036	12,806	1,608	580			–13	17,017
Reinsurance premiums	–95	–100	–698	–88			10	–971
Change in provision for unearned premiums (net of reinsurance)	–400	–6,317	–136	–2			3	–6,852
Net earned premiums	**1,541**	**6,389**	**774**	**490**				**9,194**
Income from associates and joint ventures		–2		2			1	1
Investment income	61	24	403	53		9	–35	515
Realised and unrealised gains and losses	14	27	1,116	100		–21		1,236
Income from investments backing linked liabilities	2		1,219	97				1,318
Banking income					315		2	317
Fee and commission income, and income from service contracts	10	44		14		136		204
Other income	4	29	8	6		1	–2	46
Total income (excluding non-operational items) [2]	**1,632**	**6,511**	**3,520**	**762**	**315**	**125**	**–34**	**12,831**
Expenses								
Net claims and movements in insurance liabilities	1,063	6,055	4,709	494			–3	12,318
Profit sharing and bonuses for policyholders	8		1,040					1,048
Movements in insurance liabilities where policyholders bear investment risks			–2,526	5			3	–2,518
Fair value changes and benefits credited to investment contracts				69				69
Operating expenses related to insurance activities	464	293	185	147				1,089
Other operating expenses	8	22		16	69	166		281
Banking expenses					270		–30	240
Interest and similar expenses	1		1			57	–4	55
Other expenses	11	–18	41	28		45		107
Total expenses (excluding non-operational items) [2]	**1,555**	**6,352**	**3,450**	**759**	**339**	**268**	**–34**	**12,689**
Operational result	**77**	**159**	**70**	**3**	**-24**	**-143**		**142**
Impairments goodwill / intangible assets				65		78		143
Reorganisation expenses						45		45
Profit before tax	**77**	**159**	**70**	**–62**	**–24**	**–266**		**–46**
Income tax expenses								12
Net profit								**–58**
Expense ratio [1]	30.1%	4.6%		29.4%				
Claims ratio [1]	69.0%	94.8%		74.1%				
Combined ratio [1]	99.1%	99.4%		103.5%				
Amortisation charges	10	1	34	7		37		89
Impairment losses	1	2	7	65	12	81		168

[1] The ratios of segment International include both Non-life and Health insurance business.

[2] Total income and Total expenses are presented in the Segment Consolidated Income Statement excluding non-operational items. The amounts as presented in the table above can be reconciled with the amounts as presented in the Consolidated Income Statement as follows: the non-operational item Impairments goodwill / intangible assets is presented as part of Other expenses in the Consolidated Income Statement and Reorganisation expenses is presented as part of Other operating expenses in the Consolidated Income Statement.

** As of December 2014, the presentation of software is changed and amortisation charges related to software have been reclassified from Operating expenses to Other expenses accordingly. For more information reference is made to the Consolidated Financial Statements 2014 paragraph ''Accounting policies, Amendments related to accounting policies, prior period corrections and changes in presentation''.*

3. FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

This note provides an analysis of financial instruments that are measured subsequently to initial recognition at fair value, grouped into three levels (fair value hierarchy) based on the significance of the inputs used in making the fair value measurements. The levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes financial instruments valued using quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in markets that are considered less than active or valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant non-observable inputs. This category includes all financial instruments where the valuation technique includes inputs based on non-observable data and the non-observable inputs have a significant effect on the valuation of the assets or liability, such as private equity investments, private sector loans and advances which are part of the Banking credit portfolio.

Cash and cash equivalents are classified as level 1 when not subject to restrictions. Commercial paper, included within Deposits with credit institutions (part of Fixed income investments), is classified as level 1, due to fact that these are traded in money markets. Other deposits with credit institutions are in general classified as level 2, due to the fact that these are not traded and subject to restrictions.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE ON A RECURRING AND NON-RECURRING BASIS AS AT 30 JUNE 2015

(€ MILLION)

	LEVEL 1	LEVEL 2	LEVEL 3	2015
Financial assets				
Recurring fair value measurements				
Investments				
equities and similar investments	2,147	768	553	3,468
fixed income investments	30,280	2,369	2,514	35,163
derivatives		3,630		3,630
other financial investments	224	104		328
Investments backing linked liabilities				
equities and similar investments	2,703	3,227		5,930
bonds and other fixed-income investments	4,206	7		4,213
derivatives		398		398
cash and other financial investments	610	7,308		7,918
Banking credit portfolio			301	301
Cash and cash equivalents	3,701			3,701
Total assets measured at fair value on a recurring basis	**43,871**	**17,811**	**3,368**	**65,050**
Financial liabilities				
Investment contracts		2,256		2,256
Loans and borrowings		17		17
Derivatives		1,965		1,965
Total liabilities measured at fair value on a recurring basis		**4,238**		**4,238**

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE ON A RECURRING AND NON-RECURRING BASIS AS AT 31 DECEMBER 2014

(€ MILLION)

	LEVEL 1	LEVEL 2	LEVEL 3	2014
Financial assets				
Recurring fair value measurements				
Investments				
equities and similar investments	1,846	760	496	3,102
fixed income investments	32,533	1,918	1,577	36,028
derivatives		4,024		4,024
other financial investments	198	230		428
Investments backing linked liabilities				
equities and similar investments	3,088	3,358		6,446
bonds and other fixed-income investments	3,798			3,798
derivatives		349		349
cash and other financial investments	622	7,211		7,833
Banking credit portfolio			314	314
Cash and cash equivalents	1,716			1,716
Total assets measured at fair value on a recurring basis	**43,801**	**17,850**	**2,387**	**64,038**
Financial liabilities				
Investment contracts		2,158		2,158
Loans and borrowings		19		19
Derivatives		1,896		1,896
Total liabilities measured at fair value on a recurring basis		**4,073**		**4,073**

Main changes in the fair value hierarchy in 2015

At each reporting date Achmea assesses the classification of the financial instruments measured at fair value. The assessment of the classification in the fair value hierarchy requires judgement, for example the importance of (un)observable inputs used in determining the fair value or with respect to activity of the market. In case of inactive markets, judgement is required on the valuation techniques to be used in order to determine the fair value as well as the interpretation of the level of using market data. As a result, the outcome of the classification process may differ between reporting periods. Achmea's policy is to determine the level of the fair value hierarchy each reporting period and to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period.

In the first six months of 2015 the fair value level of all Greek listed equities amounting to €1.4 million, bonds amounting to €4.8 million and Mutual Funds amounting to €1.8 million mainly investing in Greek assets changed from Level 1 to Level 2. The reason for this change is the absence of quoted prices in an active market as at 30 June 2015 as a consequence of the decision of the Hellenic Capital Market Commission to keep the Athens Stock Exchange and the Electronic Secondary Market "HDAT" closed. The fair value of these investments as at 30 June 2015 is determined by using the latest available prices. Achmea considers this the best proxy for the fair value as at 30 June 2015.

Valuation techniques used and valuation process within Achmea for Level 2 and 3 measurements

Depending on the specific financial instruments, Achmea has set valuation policies and procedures for determining the fair value. The valuation policies and procedures for determining the fair value are the same as applied to the Consolidated Financial Statements for the year ended 31 December 2014, except for the fixed income investments, Loans and mortgages. The level 3 classified Loans and mortgages mainly comprise mortgage loans within the insurance business. The fair value of these mortgages is determined using pricing models based on the discounted value of estimated future cash flows using current interest rates. As of 2015, the interest rate used is based on rates in the consumers market adjusted for spreads for amongst others the price risk during the offering period. Before 2014, Achmea based the interest rate on spreads market participant would use when offering mortgages.

Movement schedule for Level 3 financial instruments measured at fair value on a recurring basis

(€ MILLION)

	EQUITIES AND SIMILAR INVESTMENTS	LOANS AND MORTGAGES	BANKING CREDIT PORTFOLIO	TOTAL 2015
Balance at 1 January	496	1,577	314	2,387
Investments and loans granted	33	864		897
Divestments and disposals	–31	–41	–12	–84
Fair value changes included in Income Statement	13	–8	–1	4
Fair value changes included in Other comprehensive income	42	122		164
Changes in fair value hierarchy (transfers from Level 3)				
Changes in fair value hierarchy (transfers to Level 3)				
Balance at 30 June	**553**	**2,514**	**301**	**3,368**

(€ MILLION)

	EQUITIES AND SIMILAR INVESTMENTS	LOANS AND MORTGAGES	BANKING CREDIT PORTFOLIO	TOTAL 2014
Balance at 1 January	432		328	760
Investments and loans granted	24			24
Divestments and disposals	–24		–10	–34
Fair value changes included in Income Statement			2	2
Fair value changes included in Other comprehensive income	18			18
Balance at 30 June	**450**		**320**	**770**

Fair value changes related to Equities and similar investment included in the Consolidated Income Statement are presented as part of Realised and unrealised gains and losses; Fair value changes related to Banking credit portfolio included in the Consolidated Income Statement are presented as part of Banking income. Fair value changes included in Other comprehensive income related to Equities and similar investments are presented as part of Revaluation reserve.

Significant unobservable inputs for Level 3 financial instruments measured at fair value on a recurring basis

DESCRIPTION	FAIR VALUE AS AT 30 JUNE 2015 IN MILLIONS	VALUATION TECHNIQUE USED	UNOBSERVABLE INPUT	RANGE (WEIGHTED AVERAGE)	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Investments					
Equities and similar investments	553	Net Asset Value	N/A	N/A	N/A
Loans and mortgages	2,514	Discounted cash flow	Total spread	113 - 372	An increase has no direct impact in the income statement or equity, but is transferred to the Fund for future appropriation through a shadow adjustment
Banking credit portfolio	301	Discounted cash flow	Total spread	107 -350	An increase of 10 basispoints results in an decrease of the fair value of loans and advances to customers measured at fair value of EUR 0.7 million, and a EUR 0.7 million lower income in the income statement

Equities and similar investments mainly consist of investments with a highly diversified nature in terms of sector, geographical region and type of investment. There is no significant unobservable input or combination of inputs that can be used to perform a reasonable possible sensitivity analysis for this portfolio. The private equity investment portfolio (part of Equities and similar investments), amounting to €553 million (31 December 2014: €497 million), mainly consists of investments with a highly diversified nature in terms of sector, geographical region and type of investment. There is no significant unobservable input or combination of inputs that can be used to perform a reasonable possible sensitivity analysis for this portfolio. Part of the private equity investment portfolio, amounting to €46 million (31 December 2014: €43 million), is related to Achmea's venture capital entity and is classified as 'At fair value through profit or loss'. An increase or decrease in the value of these investments of 10% would result in a €5 million (31 December 2014: €4million) profit or loss, respectively. The remainder of the private equity investments portfolio is classified as 'Available for sale'. An increase or decrease in the value of these investments of 10% would result in a €37 million (31 December 2014: €34 million) increase or decrease of Net other comprehensive income, respectively.

DESCRIPTION	FAIR VALUE AS AT 31 DECEMBER 2014 IN MILLIONS	VALUATION TECHNIQUE USED	UNOBSERVABLE INPUT	RANGE (WEIGHTED AVERAGE)	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Investments					
Equities and similar investments	496	Net Asset Value	N/A	N/A	N/A
Loans and mortgages	1,577	Discounted cash flow	Total spread	183 - 268	An increase has no direct impact in the income statement or equity, but is transferred to the Fund for future appropriation through a shadow adjustment
Banking credit portfolio	314	Discounted cash flow	Total spread	162 - 310	An increase of 10 basispoints will result in a EUR 0.7 million lower income in the income statement

Financial instruments not measured at fair value for which the fair value is disclosed

The table below provides an overview of the financial instruments that are not measured at fair value, but for which the fair value is disclosed.

	CARRYING AMOUNT AS AT 30 JUNE 2015				FAIR VALUE AS AT 30 JUNE 2015
		QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS	SIGNIFICANT OTHER OBSERVABLE INPUTS	SIGNIFICANT UNOBSERVABLE INPUTS	
		LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets					
Investments					
Deposits with re-insurers	1,005			1,005	1,005
Other financial investments	2,552		2,791		2,791
Banking credit portfolio					
Credit institutions	1,304		1,304		1,304
Loans	13,486		1,449	12,270	13,719
Financial liabilities					
Banking customer accounts	6,864		6,884		6,884
Loans and borrowings					
Deposits from credit institutions					
Secured bank loans	3,482		3,499		3,499
Unsecured loans	4,094	977	3,210		4,187
Subordinated loans	527	552	9		561
Others	20	18	2		20

	CARRYING AMOUNT AS AT 31 DECEMBER 2014				FAIR VALUE AS AT 31 DECEMBER 2014
		QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS	SIGNIFICANT OTHER OBSERVABLE INPUTS	SIGNIFICANT UNOBSERVABLE INPUTS	
		LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets					
Investments					
Deposits with re-insurers	954			954	954
Other financial investments	2,601		2,096		2,096
Banking credit portfolio					
Credit institutions*	1,286		1,288		1,288
Loans	13,627		1,465	12,176	13,641
Financial liabilities					
Banking customer accounts	6,306		6,327		6,327
Loans and borrowings					
Deposits from credit institutions	101		101		101
Secured bank loans	2,663		2,633		2,633
Unsecured loans*	3,470	988	2,703		3,691
Subordinated loans*	527	572	31		603
Others	231		246		246

* *For some loans and borrowings the classification has been revised from level 2 to level 1. Also, for a part of the banking credit portfolio the classification has been revised from level 3 to level 2. For comparison reasons, the figures reported as per 31 December 2014 have been adjusted accordingly.*

4. ASSETS AND LIABILITIES HELD FOR SALE AND DIVESTMENTS

Liberty Asset Management Limited

On 1 January 2015, Achmea signed an agreement to sell Liberty Asset Management Limited, by means of the transfer of share capital of the legal entity. The transaction was finalised with the same effective date. Liberty Asset Management Limited is a 100% subsidiary of Friends First Holding and was presented as part of the segment International. A profit on the sale was accounted for amounting to €4.7 million, presented as part of 'Other income'.

5. INTANGIBLE ASSETS

INTANGIBLE ASSETS (€ MILLION)

	30 JUNE 2015	31 DECEMBER 2014
Goodwill	765	772
Software	82	76
Brand name	14	19
Value of business acquired	35	63
Distribution networks	75	85
Other intangible assets	48	51
	1,019	**1,066**

Movements in intangible assets mainly relate to amortisation and exchange rate differences on Goodwill and Distribution networks.

6. INVESTMENT PROPERTY

ACHMEA'S INVESTMENT PROPERTY CONSISTS OF: (€ MILLION)

	30 JUNE 2015	31 DECEMBER 2014
Residential	415	418
Retail	332	342
Offices	313	315
Other	52	50
Total	**1,112**	**1,125**

In the first half year of 2015, the fair value movements related to Investment property amounted to €-8 million (first half year 2014: €-29 million). These are presented as part of Realised and unrealised gains and losses.

7. INVESTMENTS

INVESTMENTS CLASSIFIED BY NATURE (€ MILLION)

	AVAILABLE FOR SALE	AT FAIR VALUE THROUGH PROFIT OR LOSS	LOANS AND RECEIVABLES	30 JUNE 2015
Equities and similar investments	3,022	446		3,468
Fixed income investments *	30,434	4,729	1,005	36,168
Derivatives		3,630		3,630
Other financial investments	322	6	2,552	2,880
	33,778	**8,811**	**3,557**	**46,146**

(€ MILLION)

	AVAILABLE FOR SALE	AT FAIR VALUE THROUGH PROFIT OR LOSS	LOANS AND RECEIVABLES	31 DECEMBER 2014
Equities and similar investments	2,658	444		3,102
Fixed income investments *	31,092	4,936	954	36,982
Derivatives		4,024		4,024
Other financial investments	227	201	2,601	3,029
	33,977	**9,605**	**3,555**	**47,137**

* *Excluding saving accounts linked to life insurance contracts, for which the interest revenue is based on the interest rate that the policyholder pays on his mortgage loan. These are presented as part of Other financial investments.*

Equities and similar investments include investments in real estate investment funds amounting to €277 million (31 December 2014: €277 million).

Investments include impairments amounting to €3million (31 December 2014: €23 million) and are included in Realised and unrealised gains and losses.

FIXED INCOME INVESTMENTS

(€ MILLION)

	30 JUNE 2015	31 DECEMBER 2014
Bonds		
Government and government related or guaranteed bonds		
Netherlands	9,340	10,825
Germany	3,212	3,138
France	1,571	1,417
Government guaranteed bonds	1,589	1,840
European governmental institutions	541	652
Other	2,502	2,760
Securitised bonds		
Asset backed	1,389	1,379
Covered	925	1,893
Corporate bonds	9,556	8,966
Convertible bonds	287	268
Loans and Mortgages		
Investment loans	1,005	593
Loans and mortgages to policyholders	19	19
Other loans and mortgages	2,532	1,595
Deposits with credit institutions		
Deposits within the European Union	522	533
Other	173	150
Total	**35,163**	**36,028**

At initial recognition, the transaction price of certain purchased financial instruments differed from the determined fair value based on level 3 inputs. This so called day 1 gain or loss is separately recognised as part of Loans and Mortgages and included in the Income Statement as part of Investment income over the expected maturity of these mortgages by means of the effective interest method.

DAY 1 GAINS AND LOSSES

(€ MILLION)

	30 JUNE 2015	31 DECEMBER 2014
Balance at 1 January	-18	
Deferred gains and losses in current period	3	-18
Recognised in the Income Statement in current period	1	
Total	**-14**	**-18**

8. EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS OF THE COMPANY

In February 2015, Achmea B.V. completed the issuance of €750 million of Hybrid capital securities with a coupon of 4.25%. These Hybrid capital securities are undated with a first call option after 10 years. The Notes are listed on the Irish Stock Exchange in Dublin, Ireland. These instruments qualify as Other equity instruments.

In February 2015, Achmea announced a cash tender offer to purchase up to €250 million aggregate principal amount of its outstanding €367 million Perpetual Capital Securities with an initial coupon of 5.125%. These instruments qualify as Other equity instruments. The cash tender offer resulted in a final acceptance amount of €229 million against a purchase price of 101.5%. Settlement took place in February 2015 and was charged to Other equity instruments, with the related transactions costs and the difference between issue and purchase price being charged to Retained earnings.

In June 2015, Achmea decided to exercise its right to redeem in full its outstanding €367 million of Hybrid capital securities (of which €138 million outstanding), with a coupon of 5.125%. In accordance with terms and conditions, the Capital Securities were redeemed on the first optional redemption date being the interest payment date falling on 24 June 2015.

9. INSURANCE LIABILITIES

(€ MILLION)

	30 JUNE 2015	31 DECEMBER 2014
Non-life insurance		
Unearned premiums	1,708	1,294
Provision for premium deficiency and unexpired risks	61	64
Outstanding claims (including IBNR)	5,613	5,486
Profit sharing and bonuses for policyholders	51	63
Total Non-life insurance	**7,433**	**6,907**
Health insurance		
Unearned premiums	6,465	22
Provision for premium deficiency and unexpired risks	186	336
Outstanding claims (including IBNR)	5,649	4,762
Total Health insurance	**12,300**	**5,120**
Life insurance		
Provision for life policy liabilities	26,513	25,810
Deferred interest surplus rebates	−18	−37
Net provision for life policy liabilities	26,495	25,773
Profit sharing and bonuses for policyholders	5,874	6,745
Total Life insurance	**32,369**	**32,518**
Total Insurance liabilities	**52,102**	**44,545**

10. POST-EMPLOYMENT BENEFITS

The pension plan for Dutch employees is executed by Stichting Pensioenfonds Achmea (SPA) and for a smaller part by Stichting Bedrijfstakpensioenfonds Zorgverzekeraars (SBZ) and Achmea's Dutch Life insurance company, Achmea Pensioen- en Levensverzekeringen N.V. (APL). Achmea does not have control over SPA and SBZ.

(€ MILLION)

	30 JUNE 2015	31 DECEMBER 2014
Present value of defined benefit obligation	1,065	1,143
Fair value of total investments backing defined benefit obligation	–1,025	–1,088
Fair value of non-qualifying investments backing defined benefit obligation	876	934
Unfunded status	**916**	**989**
Effect of asset ceiling		
Net defined benefit liability	**916**	**989**

The pension scheme for the 15,000 employees in the Netherlands is a so-called Collective Defined Contribution (CDC) scheme. The financial and actuarial risks are borne by the employees, implying amongst others that the future increase of vested rights for current employees is conditional on the funded status within the plan. The obligation of Achmea is limited to pay the agreed premium for the current year of service. The remaining part of the Net defined benefit liability as at 30 June 2015 relates to pension schemes executed by APL and for a smaller part by SBZ and Friends First.

Pensions for the Irish employees are provided by the Friends First Group Retirement and Death Benefits Scheme. In 2015, Friends First reached agreement with individual members of the plan, to make use of an enhanced transfer value for their existing rights under this defined benefit plan. These members, on an individual basis, elected to transfer the "value" of their benefits out of the plan for a lump sum cash payment into the defined contribution scheme. As this enhanced transfer value exercise is not part of the provisions of the pension plan, a result on settlement was accounted for as part of Other expenses, amounting to €11 million.

All principal actuarial assumptions, used to calculate the remaining part of the defined benefit plans, are the same as those described in the Consolidated Financial Statements 2014.

11. OTHER PROVISIONS

Legal claims

Regarding a claim of a former client an agreement was reached during the first half of 2015, as a result of which additions were made. The settlement of the provision will take place in the second half of 2015. In the Income Statement, the expenses related to this provision are presented net of the amount recognised for reimbursement. Reference is made to Achmea's Consolidated Financial Statements 2014 for more details regarding this claim. The overall settlement of legal claims in the regular course of business during the first half of 2015 has a very limited net impact on the result.

12. LOANS AND BORROWINGS

In April 2015, Achmea Bank N.V. completed the issuance of €650 million of Senior Unsecured Notes with a coupon of 1.125%. These Notes have a maturity of 7 years (maturity date is April 2022). The Notes are listed on Irish Stock Exchange in Dublin.

The banking activities of Achmea are also funded by loans secured by pledges on mortgage receivables. Secured bank loans include debentures issued by Achmea Bank N.V. under its €10 billion Secured Debt Issuance Programme, its €10 billion Covered Bond Programme, and various Residential Mortgage Backed Securities, issued by special purpose entities controlled by Achmea Bank N.V. These debentures are in various base currencies and are collateralised by residential mortgage loans. The carrying amount of these residential mortgage loans is €6.3 billion (31 December 2014: €5.8 billion).

13. RELATED PARTY TRANSACTIONS

During the first half year of 2015 the nature of related party transactions were similar to the transactions described in the Achmea Consolidated Financial Statements 2014. For more information about the nature of related party transactions, reference is made to Note 31 Related party transactions of the Achmea Consolidated Financial Statements 2014.

14. CAPITAL MANAGEMENT

According to regulations on the supervision of financial conglomerates (based on European Union directives, the so called Financial Conglomerates Directive (FCD)), Achmea's available capital should at least be equal to the sum of required capital of the regulated entities. Different sector rules apply for insurance activities and banking activities. In addition, Achmea has set internal requirements, well above the regulatory requirements.

The solvency ratio (Solvency I) increased 8% to 225% (31 December 2014: 217%). This increase is the result of an increase in available capital of €486 million against a smaller increase in the required capital of €62 million. The most important changes in available capital are a positive net result (€272 million), a decrease in the revaluation reserve of €122 million, the issuance of €750 million of Hybrid capital securities, and the repurchase of Perpetual Capital Securities of €367 million.

Deductions include amongst others Intangible assets with an infinite useful life, other prudential filters and a deficit in the WFT Liability Adequacy Test (LAT).

(€ MILLION)

	30 JUNE 2015	31 DECEMBER 2014
Total equity	10,300	9,818
Deductions	−1,056	−1,060
Subordinated loans	527	527
Available capital	**9,771**	**9,285**
Required capital insurance activities	3,972	3,923
Required capital banking activities	367	354
Required capital	**4,339**	**4,277**
Surplus capital	**5,432**	**5,008**
Ratio available/required capital	**225%**	**217%**

AUTHORISATION OF CONSOLIDATED FINANCIAL STATEMENTS

Zeist, 12 August 2015

The Supervisory Board
E.A.J. (Erik) van de Merwe, Chairman
P.H.M. (Petri) Hofsté
J.S.T. (Joke) van Lonkhuijzen-Hoekstra
M. (Mijntje) Lückerath-Rovers
P.F.M. (Paul) Overmars
A.C.W. (Lineke) Sneller
A.W. (Aad) Veenman
A.J.A.M. (Antoon) Vermeer
R.T. (Roel) Wijmenga

The Executive Board
W.A.J. (Willem) van Duin, Chairman
R. (Roelof) Konterman, Vice-Chairman
H. (Huub) Arendse, CFO
B.E.M. (Bianca) Tetteroo
H. (Henk) Timmer, CRO

Independent Auditor’s Review Report

INDEPENDENT AUDITOR’S REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To: The Executive Board and Supervisory Board of Achmea B.V.

Review report

INTRODUCTION

We have reviewed the accompanying condensed consolidated interim financial statements for the six-month period ended 30 June 2015 of Achmea B.V., Zeist, which comprises the Consolidated Statement of Financial Position as at 30 June 2015, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Total Equity, the Condensed Consolidated Statement of Cash Flows and the selected explanatory notes for the six-month period then ended. The Executive Board is responsible for the preparation and presentation of this (condensed) interim financial information in accordance with IAS 34, ‘Interim Financial Reporting’ as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

SCOPE

We conducted our review in accordance with Dutch law including standard 2410, Review of Interim Financial Information Performed by the Independent Auditor of the company. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2015 is not prepared, in all material respects, in accordance with IAS 34, ‘Interim Financial Reporting’ as adopted by the European Union.

Amsterdam, 12 August 2015
PricewaterhouseCoopers Accountants N.V.

Original signed by G.J. Heuvelink RA