Achmea

HALF YEAR REPORT 2013

Board Report

Condensed Consolidated Interim Financial Statements

Board report – 2013 Interim results

FINANCIAL RESULTS

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

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

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

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

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

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

GROUP DEVELOPMENTS

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

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

Board report – 2013 Interim results

Operational developments

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

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

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

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

Dialogue with society

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

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

Changes in Executive Board

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

Board report

UNCERTAINTIES IN THE SECOND HALF YEAR OF 2013

As an insurance company, Achmea is in the ‘business of risks’ and as a result is exposed to a variety of risks and uncertainties. A description of Achmea’s risk management and control system on the basis of a strategic risk analysis and the identified significant risks is given in the Consolidated Financial Statements 2012.

Financial markets

Achmea’s largest exposures are changes in the financial markets (e.g. interest rates, credit markets and equity markets). Ongoing economic and political developments in the world form the basis for a continued financial markets uncertainty. The challenge ahead is a consequence of, among others, the disappointing global economic recovery due to for example a substantial slowdown in economic growth in China, a tightening in monetary stimulus by the central banks (Fed, BoJ, ECB) and a renewed version of the Euro crisis caused by insufficient structural reforms and political developments. In relation to such uncertainty, Achmea could be impacted in the second half of 2013 as a result of for example lower investment returns.

Political and economic developments

Global as well as local political and economic developments demonstrate uncertainties which may have an impact on Achmea’s performance in the coming half year. In recent months, Health Insurance in the Netherlands has come under increased public attention. The public debate might have a significant impact on the future of the health insurance sector. For example, an increased pressure on the health insurance may result in unfavourable adjustments to the balance between accepting and pricing of health risk. Moreover, currently there is a public discussion about limiting the premiums for the risks accepted by health insurers. Lower premiums will have an impact on future performance and thus lowers the value-in-use of the cash generating unit Health Netherlands. At the same time, changes in the health system make insurers increasingly more responsive to the balance between strategic choices, capital and risks. General insecurity and increasing financial risks give rise to keeping higher solvency levels than minimally required. The willingness of insurers to take risks and the ability to control them, will further affect the desired solvency, thus also positively impacting future premium levels. Furthermore, due to global and local economic and political uncertainties Achmea’s other activities could be negatively influenced, thus lowering the value-in-use of certain activities.

Adjustment pension scheme

In July 2013 Achmea and the trade unions FNV, CNV and the Union have reached a negotiation result related to collective labour agreement for Achmea’s 15,000 employees in the Netherlands. In September 2013, the trade unions members will have to decide whether they agree with the outcome of these negotiations. Part of this principal agreement entails an adjustment of the pension scheme which will be effective as of 1 January 2014. The new pension scheme is a so-called Collective Defined Contribution (CDC) scheme, which will replace the current Defined Benefit scheme. A CDC-scheme limits the risks for Achmea to the annual premium to be paid. The financial risks are no longer with Achmea, but with the pension fund. Pending the approval of the members of the trade unions, Achmea will account for a gain or loss related to the adjustment in the pension scheme in the second half of 2013. The amount of the gain or loss related to the adjustment of pension scheme is uncertain, mainly due to high volatility in the prescribed discount rate to calculate the defined benefit obligation, in relation to the interest rates driving the value of the plan assets.

Willem van Duin
Chairman of the Executive Board, Achmea B.V.
8 August 2013

STATEMENT OF THE EXECUTIVE BOARD OF ACHMEA B.V.

The Executive Board reviewed the Achmea B.V. Condensed Consolidated Interim Financial Statements on 29 July 2013 and authorised them for submission to the Supervisory Board. The Achmea Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2013 were authorised for issue in accordance with a resolution of the Executive Board on 8 August 2013.

The Executive Board of Achmea B.V. declares that, to the best of their knowledge, the Achmea B.V. Condensed Consolidated Interim Financial Statements 2013 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 2013 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, 8 August 2013

Executive Board

W.A.J. (Willem) van Duin, Chairman
H. (Huub) Arendse, CFO
J.A.S. (Jeroen) van Breda Vriesman
D. (Danny) van der Eijk
R. (Roelof) Konterman

ACHMEA B.V.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 JUNE 2013

Condensed Consolidated Interim Financial Statements

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

	NOTES	30 JUNE 2013	31 DECEMBER 2012	1 JANUARY 2012
Assets				
Intangible assets	6	1,565	1,639	1,573
Associates		96	92	87
Property for own use and equipment		613	619	648
Investment property	7	1,111	1,172	1,243
Investments	8	41,450	42,001	41,113
Investments backing linked liabilities		24,675	24,972	23,314
Banking credit portfolio		16,366	16,436	16,932
Deferred tax assets		532	385	398
Deferred acquisition costs		178	198	233
Amounts ceded to reinsurers		1,040	968	855
Receivables and accruals		12,037	5,232	4,589
Cash and cash equivalents		2,185	1,078	1,325
		101,848	**94,792**	**92,310**
Assets classified as 'held for sale'		39	38	10
Total assets		**101,887**	**94,830**	**92,320**
Equity				
Equity attributable to holders of equity instruments of the Company	9	9,742	10,463	10,438
Non-controlling interest		21	20	6
Total equity		**9,763**	**10,483**	**10,444**
Liabilities				
Insurance liabilities	10	45,437	38,911	37,523
Insurance liabilities where policyholders bear investment risks		21,658	22,259	20,771
Investment contracts		2,067	2,123	2,193
Post-employment benefits	11	586	755	179
Other provisions		272	282	273
Banking customer accounts		5,916	5,351	5,001
Loans and borrowings	12	10,606	9,625	11,086
Derivatives		1,481	1,779	1,586
Deferred tax liabilities		126	54	195
Income tax payable		63	86	100
Other liabilities		3,873	3,084	2,942
		92,085	**84,309**	**81,849**
Liabilities classified as 'held for sale'		39	38	27
Total equity and liabilities		**101,887**	**94,830**	**92,320**

Condensed Consolidated Interim Financial Statements

CONSOLIDATED INCOME STATEMENT

(€ MILLION)

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

Condensed Consolidated Interim Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ MILLION)

	NOTES	FIRST HALF YEAR 2013	FIRST HALF YEAR 2012
Net profit		**123**	**210**
Items that will not be reclassified to the Income statement			
Remeasurements of net defined benefit liability		-49	-1,026
Unrealised gains and losses on property for own use		-4	-7
Total items that will not be reclassified to the Income statement		**-53**	**-1,033**
Items that may be reclassified subsequently to the Income statement			
Currency translation differences on subsidiaries, intangible assets and associates		-39	32
Unrealised gains and losses on available for sale instruments		-491	380
Share in other comprehensive income of associates		-6	5
Transfer from/to provision for profit sharing and bonuses		423	-210
Gains and losses on available for sale instruments reclassified to the Income Statement on disposal		-90	-88
Impairment charges on available for sale instruments reclassified to the Income Statement		8	13
Total items that may be reclassified subsequently to the Income statement		**-195**	**132**
Net other comprehensive income		**-248**	**-901**
Comprehensive income		**-125**	**-691**
Comprehensive income attributable to:			
Holders of equity instruments of the Company		-125	-692
Non-controlling interest		0	1

Condensed Consolidated Interim Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

2013	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	REVALUA-TION RESERVE	EXCHANGE DIFFER-ENCE RESERVE	HEDGING RESERVE	REMEASU-REMENT OF DEFIINED BENEFIT PLANS	RETAINED EARNINGS	PROFIT FOR THE YEAR	OTHER EQUITY INSTRU-MENTS	EQUITY ATTRIBUT-ABLE TO HOLDERS OF EQUITY INSTRU-MENTS OF THE COMPANY	NON-CON-TROLLING INTEREST	TOTAL EQUITY
Balance at 1 January	**11,357**	**-235**	**678**	**690**	**-152**	**-7**	**89**	**-3,751**	**469**	**1,325**	**10,463**	**20**	**10,483**
Net other comprehensive income				-154	-45		-49				-248		-248
Net profit									123		123		123
Comprehensive income				**-154**	**-45**		**-49**		**123**		**-125**		**-125**
Appropriations to reserves			1	-20				488	-469				
Dividends and coupon payments								-237			-237		-237
Issue, repurchase and sale of equity instruments										-358	-358		-358
Other movements				-5				4			-1	1	
Balance at 30 June	**11,357**	**-235**	**679**	**511**	**-197**	**-7**	**40**	**-3,496**	**123**	**967**	**9,742**	**21**	**9,763**

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

2012	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	REVALUA-TION RESERVE	EXCHANGE DIFFER-ENCE RESERVE	HEDGING RESERVE	REMEASU-REMENT OF DEFIINED BENEFIT PLANS	RETAINED EARNINGS	PROFIT FOR THE YEAR	OTHER EQUITY INSTRU-MENTS	EQUITY ATTRIBUT-ABLE TO HOLDERS OF EQUITY INSTRU-MENTS OF THE COMPANY	NON-CON-TROLLING INTEREST	TOTAL EQUITY
Balance at 1 January	**11,367**	**-245**	**586**	**498**	**-178**	**-7**	**666**	**-3,365**	**-209**	**1,325**	**10,438**	**6**	**10,444**
Net other comprehensive income				88	37		-1,026				-901		-901
Net profit									209		209	1	210
Comprehensive income				**88**	**37**		**-1,026**		**209**		**-692**	**1**	**-691**
Appropriations to reserves			78	-4				-283	209				
Dividends and coupon payments								-70			-70		-70
Issue, repurchase and sale of equity instruments	-10	10											
Other movements				1				-2			-1	15	14
Balance at 30 June	**11,357**	**-235**	**664**	**583**	**-141**	**-7**	**-360**	**-3,720**	**209**	**1,325**	**9,675**	**22**	**9,697**

Dividends and coupon payments consist of dividend paid to holders of preference shares of €25 million (first half year 2012: €25 million), dividend paid to holders of ordinary shares of €168 million (first half year 2012: nil) and coupon payments to holders of Other equity instruments of €44 million (first half year 2012: €45 million).

Condensed Consolidated Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(€ MILLION)

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

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'. 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 2013 as adopted by the European Union. The Condensed Consolidated Interim Financial Statements should be read in conjunction with the Achmea Consolidated Financial Statements 2012. The Achmea Consolidated Financial Statements 2012 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

Initial application of accounting policies

The following amendments and revisions to Standards have been adopted by Achmea as of 1 January 2013.

IFRS 7 FINANCIAL INSTRUMENTS: DISCLOSURE (AMENDMENT)
On 16 December 2011, the IASB issued an amendment to IFRS 7 relating to disclosure requirements that are intended to help investors and other financial statement users to better assess the effect or potential effect of offsetting arrangements on a company's financial position. These amendments have no impact on Net profit and Total equity of Achmea. Given the condensed nature of these Condensed Consolidated Interim Financial Statements, the relevant disclosures will for the first time be included in the Achmea Consolidated Financial Statements 2013.

IFRS 13 FAIR VALUE MEASUREMENT
On 12 May 2011, the IASB issued IFRS 13 which defines fair value and sets out a single framework for measuring fair value. Furthermore, the standard describes disclosure requirements. The standard applies to all standards that require or permit fair value measurements or disclosures about fair value (except in specified circumstances). The standard has no material impact on Net profit and Total equity of Achmea.

IAS 1 PRESENTATION OF FINANCIAL STATEMENTS (AMENDMENT)
On 16 June 2011, the IASB issued an amendment that changes and aligns the presentation of items of Other Comprehensive Income. The amendment requires presentation of items of Net Other Comprehensive Income that may be recycled through Net profit as a single item. The amendment does not clarify which items have to be recycled through Net profit. The amendment has no impact on Net profit and Total equity of Achmea.

IAS 19 EMPLOYEE BENEFITS (AMENDMENT)
On 16 June 2011, the IASB issued an amended version of IAS 19. The improved standard no longer allows the use of the corridor approach. It requires that changes in measurement of plan assets and liabilities of the defined benefit schemes are presented as 'Other Comprehensive Income' and it requires more extensive disclosures for these schemes.

The main effects from adopting IAS19R arise from:
- The elimination of the corridor method and recognition of all actuarial gains and losses in Other comprehensive income as they occur.
- Replacement of expected returns on plan assets with the same interest rate used to measure the defined benefit obligation.

Furthermore, the inclusion of the future employee contributions in calculating the defined benefit obligation has a limited lowering effect on the defined benefit obligation.

The change in the calculation of the employee benefits was applied retrospectively. The impact on earnings per share is nihil (half year 2012: €0.03).

The following table summarises the impact of the implementation of the amended IAS 19 Employee Benefits on Total equity and Net profit.

	AS AT 1 JANUARY 2012	DURING 2012		AS AT 31 DECEMBER 2012	DURING 2013		AS AT 30 JUNE 2013
	TOTAL EQUITY 1)	NET PROFIT 4)	OTHER COMPREHENSIVE INCOME 5)	TOTAL EQUITY 1)	NET PROFIT 4)	OTHER COMPREHENSIVE INCOME 5)	TOTAL EQUITY 1)
Impact of Remeasurement Defined Benefit Obligation (DBO) 2)							
Remeasurement DBO as at 1 January 2012	12			12			12
Change in service cost resulting from remeasurement DBO		5	-4	1		-3	-2
Total impact change in DBO	**12**	**5**	**-4**	**13**	**0**	**-3**	**10**
Impact of recognising 'Unrecognised actuarial gains and losses':							
Recognising 'Unrecognised actuarial gains and losses' as at 1 January 2012	862		-738	124		-52	72
Reversal amorisation resulting from corridor-methodology		-46	46	0	-1	1	0
Total impact of recognising 'Unrecognised actuarial gains and losses'	**862**	**-46**	**-692**	**124**	**-1**	**-51**	**72**
Change in pension expenses due to change in expected return on plan assets		**57**	**-57**	**0**	**1**	**-1**	**0**
Effect of asset ceiling	-30		30	0	0		0
Change Employee benefits (ie Net defined benefit liability)	**844**	**16**	**-723**	**137**	**0**	**-55**	**82**
Impact of related taxes (3)	-178	-3	146	-35		6	-29
Impact after related taxes	**666**	**13**	**-577**	**102**	**0**	**-49**	**53**

1) Included in Total equity, Remeasurement of defined benefit plans

2) Included in Employee benefits

3) Impact in Statement of Financial Position included in Deferred tax assets, impact in Income Statement included in Income tax expenses

4) Impact included in Operating expenses

5) Impact included in Remeasurement of defined benefit plans

The adoption of IAS 19R would have had a negative impact on Total equity as at 30 June 2012 of approximately €352 million. The positive impact on Net profit for the first half year of 2012 would have been approximately €8 million and the negative impact on Net other comprehensive income for the first half year of 2012 would have been approximately €1,026 million.

The movement in the impact on Total equity in 2012 is mainly caused by the decrease of the prescribed discount rate, resulting in a higher DBO. This increase is only partly offset by the increase of the value of the plan assets. The prescribed discount rate to be used in IAS 19R is a rate based on high quality corporate bonds. Therefore, the presumption exists that a pension fund would invest in these corporate bonds, whereas the actual investment policy of the pension fund is based on a more conservative profile for investments. Due to the volatile and often different movements in both interest rates, a mismatch exists between the movements of the defined benefit obligation and the movement of the related plan assets.

ANNUAL IMPROVEMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS: 2009-2011 CYCLE

On 17 May 2012, the IASB issued Annual Improvements 2009-2011 Cycle, a collection of amendments to IFRSs in response to six issues addressed during the 2009-2011 cycle. The IASB uses the Annual Improvements process to make necessary, but non-urgent, amendments to IFRSs that will not be included as part of any other project. These amendments have no impact on Net profit and Total equity of Achmea.

OTHER

On 19 October 2011, the IASB issued IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine. The Interpretation clarifies when production stripping should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. This interpretation is not applicable to Achmea and will have no impact on Net profit and Total equity of Achmea.

Accounting policies not applied

In addition to the new Standards, amendments to Standards and Interpretations published by the International Accounting Standard Board (IASB) as mentioned in the Achmea Consolidated Financial Statements 2012, the following Interpretations were issued in 2013 and are not applied by Achmea in preparing its Condensed Consolidated Interim Financial Statements.

IAS 36: IMPAIRMENT OF ASSETS (AMENDMENT)

On 29 May 2013, the IASB published Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets, clarifying that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal. The amendments will be applicable for reporting periods beginning on or after 1 January 2014 and should be applied retrospectively. Earlier application is permitted for periods when the entity has already applied IFRS 13. As at 30 June 2013, these amendments have not been endorsed by the EU and therefore Achmea cannot apply these amendments. These amendments have no impact on Net profit and Total equity of Achmea.

IAS 39: FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT (AMENDMENT)

On 27 June 2013, the IASB published narrow-scope amendments to IAS 39 Financial Instruments: Recognition and Measurement entitled Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. The amendments will be applicable for reporting periods beginning on or after 1 January 2014 and should be applied retrospectively. As at 30 June 2013, these amendments have not been endorsed by the EU and therefore Achmea cannot apply these amendments. These amendments have no impact on Net profit and Total equity of Achmea.

IFRIC 21: LEVIES

On 20 May 2013, the IASB issued IFRIC Interpretation 21: Levies, an Interpretation on the accounting for levies imposed by governments. IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for reporting periods beginning on or after 1 January 2014. As at 30 June 2013, the Interpretation has not been endorsed by the EU and therefore Achmea cannot apply this Interpretation. The Interpretation is expected to have no impact on Net profit and Total equity of Achmea.

Amendments related to accounting policies and prior period corrections

GROSS WRITTEN PREMIUMS HEALTH

As from 2013, Achmea presents the Gross written premiums Health and the related Change in provision for unearned premiums (net of reinsurance), both part of the Net earned premiums, based on the contractual annual premium for these contracts for the health insurance contracts (both premiums due from the policyholder and compensation from the equalisation fund). In the past, these accounts were based on the monthly amounts to be earned and not on the annual premiums. To provide more insight in the contractual commitments and economic nature of these contracts, including the mandatory term of one year without possibility to cancel the contract for both the insurer and policyholder, Achmea decided to change the presentation for both the profit and loss and related balance sheet items. Comparative figures have been adjusted accordingly.

This amendment has an impact on both Gross written premiums Health and the related Change in provision for unearned premiums (net of reinsurance) for the first half year of 2013 of €6.3 billion (first half year of 2012: €6.7 billion). Furthermore, Receivables and accruals and Insurance liabilities were impacted by this amendment for an amount of €6.3 billion as at 30 June 2013 (31 December 2012 impact: nil). Net earned premiums, Net profit and Total equity remain unchanged.

RECEIVABLES AND ACCRUALS

Receivables are measured as the difference between the face value and accumulated impairment losses. In the Consolidated Financial Statements 2012 this was defined as the fair value. As part of the implementation of IFRS 13, the methods used to determine the fair value of assets and liabilities were re-evaluated. As a result of this re-evaluation the accounting policy of Receivables and accruals, e.g. the difference between the face value and accumulated impairment losses, was more precisely defined as being the amortised cost. This change in definition has no impact on the measurement of Receivables and accruals, Net profit and Total equity of Achmea.

INTERNAL REINSURANCE CONTRACTS

In 2009 respectively 2010 two re-insurance contracts between group companies were set up. From the re-assessment of the nature and effectiveness of the deal in 2013, an incorrect application of the accounting policies since inception of these contracts was identified. If the application of the accounting policies would have been accurate Deferred acquisition costs would have increased as at 31 December 2012 by €13 million (1 January 2012: €7 million), Insurance liabilities would have increased as at 31 December 2012 by €3 million (1 January 2012: €3 million), Income tax payable would have increased as at 31 December 2012 by €3 million (1 January 2012: €1 million) and Total equity would have increased as at 31 December 2012 by €8 million (1 January 2012: €4 million). Other income would have increased in 2012 by €5 million (first half year of 2012: €3 million) and Net profit would have increased in 2012 by €4 million (first half year of 2012: €2 million). Comparative figures have been adjusted accordingly. The impact of this correction on earnings per share is nihil.

C CONSOLIDATION FRAMEWORK 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 2012, with the exception of the discount rate to measure the defined benefit obligation. As from 30 June 2013 Achmea applies the Towers Watson Rate:Link without any adjustments. Before 2013 Achmea used the Rate:Link curve with the constant forward rate as extrapolation method and set additional criteria related to the liquidity of the last liquid point. The constant forward extrapolation technique and the method used within the Rate:Link curve to cluster the market observations led to volatility in the Defined Benefit Obligation that could not be justified from market developments during the first half of 2013. Analyses of these developments lead to the conclusion that the adjustments Achmea made to the Rate: Link curve did not fit in well with the methodology used to determine this curve. Therefore, Achmea decided to use the Rate:Link curve without any adjustments. By applying this changed discount rate the Net Defined Benefit Liability declined with €545 million and Total equity increased with €433 million, resulting in a higher solvency ratio.

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 segments Non-life Netherlands, Health Netherlands, Pension & Life Netherlands, International, Banking Netherlands and Other.

Non-life Netherlands

Achmea's segment Non-life Netherlands consists of insurance contracts issued to customers to cover the risks associated mainly with motor vehicles, property, general liability, occupational health and accident, including disability prevention.

Health Netherlands

Achmea's Health Netherlands segment covers basic and supplementary health insurance and health services in the Netherlands.

Pension & Life Netherlands

The principal activities of the segment Pension & Life Netherlands are life and pension insurance, including unit-linked insurance.

International

Achmea's segment International contains all activities outside the Netherlands. Segment International operates activities in the core countries Greece, Russia and Turkey and the countries Bulgaria, Ireland, Romania and Slovakia. Moreover, segment International conducts 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. Banking activities are operated in Ireland and include consumer finance operations through Friends First Finance. Furthermore, associates in which significant influence is exercised by management outside the Netherlands are included within this segment.

Banking Netherlands

Achmea is active in banking in the Netherlands through Achmea Bank and Staalbankiers. The principal activities of this segment are providing residential mortgage loans and saving accounts and private banking.

Other

The segment 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 above are included in this segment.

Achmea's Executive Board sets goals and targets for the segments throughout the company. The segments formulate strategic, commercial and financial policies in conformity with the strategy and performance targets set by the Executive Board.

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-plus' 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 fixed amounts that are based on experience concerning time spent by personnel, activities performed and transactions processed, among others.

Notes to the Condensed Consolidated Interim Financial Statements

SEGMENT CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	INTERNATIONAL	BANKING NETHERLANDS	OTHER	INTERSEGMENT ELIMINATIONS	TOTAL
Assets								
Intangible assets	729	115	210	216		295		1,565
Associates	1	7		80	7	1		96
Property for own use and equipment	95	10	18	82		408		613
Investment property			716	52	4	339		1,111
Investments	6,780	5,555	26,855	2,808	1,146	311	-2,005	41,450
Investments backing linked liabilities	23		22,457	2,195				24,675
Banking credit portfolio				155	16,301		-90	16,366
Deferred tax assets	8		6	73	6	439		532
Deferred acquisition costs			77	101				178
Income tax receivable								
Amounts ceded to reinsurers	151	50	9	838			-8	1,040
Receivables and accruals	1,315	9,674	653	424	62		-91	12,037
Cash and cash equivalents	134	767	244	257	1,011	67	-295	2,185
	9,236	**16,178**	**51,245**	**7,281**	**18,537**	**1,860**	**-2,489**	**101,848**
Assets classified as 'held for sale'				39				39
Total assets	**9,236**	**16,178**	**51,245**	**7,320**	**18,537**	**1,860**	**-2,489**	**101,887**
Equity								
Equity attributable to holders of equity instruments of the Company	2,392	2,311	3,596	1,134	734	-425		9,742
Non-controlling interest	3					18		21
Total equity	**2,395**	**2,311**	**3,596**	**1,134**	**734**	**-407**		**9,763**
Liabilities								
Insurance liabilities	6,422	12,753	23,617	3,458			-813	45,437
Insurance liabilities where policyholders bear investment risks	8		21,493	157				21,658
Investment contracts				2,067				2,067
Post-employment benefits		4		51		-274	805	586
Other provisions	24	32	13	50	5	148		272
Banking customer accounts					7,299		-1,383	5,916
Loans and borrowings	96	14	24		9,242	2,115	-885	10,606
Derivatives	3	2	326		1,149	1		1,481
Deferred tax liabilities						126		126
Income tax payable	8	1	-1	6	49			63
Other liabilities	280	1,061	2,177	358	59	151	-213	3,873
	6,841	**13,867**	**47,649**	**6,147**	**17,803**	**2,267**	**-2,489**	**92,085**
Liabilities classified as 'held for sale'				39				39
Total equity and liabilities	**9,236**	**16,178**	**51,245**	**7,320**	**18,537**	**1,860**	**-2,489**	**101,887**

SEGMENT CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	INTERNATIONAL	BANKING NETHERLANDS	OTHER	INTERSEGMENT ELIMINATIONS	TOTAL
Assets								
Intangible assets	753	121	244	230		291		1,639
Associates	2	6		83		1		92
Property for own use and equipment	95	10	18	82		414		619
Investment property	3		745	57	6	361		1,172
Investments	7,073	4,553	27,702	2,832	1,230	102	-1,491	42,001
Investments backing linked liabilities	23		22,704	2,250			-5	24,972
Banking credit portfolio				165	16,347		-76	16,436
Deferred tax assets	7		6	60		312		385
Deferred acquisition costs			91	107				198
Income tax receivable								
Amounts ceded to reinsurers	74	48	17	830			-1	968
Receivables and accruals	922	3,234	665	362	37	92	-80	5,232
Cash and cash equivalents	15	336	285	262	234	131	-185	1,078
	8,967	**8,308**	**52,477**	**7,320**	**17,854**	**1,704**	**-1,838**	**94,792**
Assets classified as 'held for sale'				38				38
Total assets	**8,967**	**8,308**	**52,477**	**7,358**	**17,854**	**1,704**	**-1,838**	**94,830**
Equity								
Equity attributable to holders of equity instruments of the Company	2,409	2,176	3,608	1,146	704	420		10,463
Non-controlling interest	2					18		20
Total equity	**2,411**	**2,176**	**3,608**	**1,146**	**704**	**438**		**10,483**
Liabilities								
Insurance liabilities	6,002	5,611	24,662	3,470			-834	38,911
Insurance liabilities where policyholders bear investment risks	9		22,096	154				22,259
Investment contracts				2,123				2,123
Post-employment benefits		5		59		-142	833	755
Other provisions	28	30	15	41	6	162		282
Banking customer accounts					6,215		-864	5,351
Loans and borrowings	93	24	26		9,153	1,221	-892	9,625
Derivatives	1		374		1,396	8		1,779
Deferred tax liabilities				-8		62		54
Income tax payable	7	2	-2	3	36	40		86
Other liabilities	416	460	1,698	332	344	-85	-81	3,084
	6,556	**6,132**	**48,869**	**6,174**	**17,150**	**1,266**	**-1,838**	**84,309**
Liabilities classified as 'held for sale'				38				38
Total equity and liabilities	**8,967**	**8,308**	**52,477**	**7,358**	**17,854**	**1,704**	**-1,838**	**94,830**

SEGMENT CONSOLIDATED INCOME STATEMENT FIRST HALF YEAR 2013

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	INTERNATIONAL	BANKING NETHERLANDS	OTHER	INTERSEGMENT ELIMINATIONS	TOTAL
Income								
Gross written premiums	2,026	13,249	1,690	659			-9	17,615
Reinsurance premiums	-105	-2	-186	-124			9	-408
Change in provision for unearned premiums (net)	-367	-6,607	-192	-21				-7,187
Net earned premiums	**1,554**	**6,640**	**1,312**	**514**				**10,020**
Income from associates				2	-2		1	1
Investment income	67	28	372	57		7	-31	500
Realised and unrealised gains and losses	58	30	-268	-4		-7		-191
Income from investments backing linked liabilities			40	63				103
Banking income				3	359		-1	361
Fee and commission income, and income from service contracts	11	47		15		140		213
Other income	4	19	1	4		-1		27
Total income	**1,694**	**6,764**	**1,457**	**654**	**357**	**139**	**-31**	**11,034**
Expenses								
Net claims and movements in insurance liabilities	1,121	6,313	1,853	397				9,684
Profit sharing and bonuses	4		1	-1				4
Movements in insurance liabilities where policyholders bear investment risks	-1		-664	2				-663
Fair value changes and benefits credited to investment contracts				41				41
Operating expenses related to insurance activities	387	243	163	177				970
Other operating expenses		23		17	61	404		505
Banking expenses					295		-26	269
Interest and similar expenses	2	1	2			43	-5	43
Other expenses	4	32	40	18		8		102
Total expenses	**1,517**	**6,612**	**1,395**	**651**	**356**	**455**	**-31**	**10,955**
Profit before tax	**177**	**152**	**62**	**3**	**1**	**-316**		**79**
Income tax expenses								-44
Net profit								**123**
Expense ratio [1]	24.9%	3.7%		31.4%				
Claims ratio [1]	72.1%	95.1%		71.5%				
Combined ratio [1]	97.0%	98.8%		102.9%				
Amortisation charges	5	7	37	9		37		95
Impairment losses	1	1	9		11	6		28
Reversal of impairment losses								

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

SEGMENT CONSOLIDATED INCOME STATEMENT FIRST HALF YEAR 2012*

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	INTERNATIONAL	BANKING NETHERLANDS	OTHER	INTERSEGMENT ELIMINATIONS	TOTAL
Income								
Gross written premiums	2,014	13,607	1,865	653			-1	18,138
Reinsurance premiums	-94	-2	-218	-97			1	-410
Change in provision for unearned premiums (net)	-363	-6,902	-126	-6				-7,397
Net earned premiums	**1,557**	**6,703**	**1,521**	**550**				**10,331**
Income from associates				3				3
Investment income	80	41	410	62		12	-31	574
Realised and unrealised gains and losses	49	10	384	60		-29		474
Income from investments backing linked liabilities	1		1,092	50			-3	1,140
Banking income				4	379			383
Fee and commission income, and income from service contracts	40	34		12		142	-2	226
Other income	10	26	5	2		1		44
Total income	**1,737**	**6,814**	**3,412**	**743**	**379**	**126**	**-36**	**13,175**
Expenses								
Net claims and movements in insurance liabilities	1,154	6,303	1,984	501				9,942
Profit sharing and bonuses	13		758					771
Movements in insurance liabilities where policyholders bear investment risks			323	-2				321
Fair value changes and benefits credited to investment contracts				29				29
Operating expenses related to insurance activities	396	256	163	181			-1	995
Other operating expenses	47	24		15	51	322		459
Banking expenses				29	313		-27	315
Interest and similar expenses	2	1	1	1		41	-8	38
Other expenses	43	33	45	18		-3		136
Total expenses	**1,655**	**6,617**	**3,274**	**772**	**364**	**360**	**-36**	**13,006**
Profit before tax	**82**	**197**	**138**	**-29**	**15**	**-234**		**169**
Income tax expenses								-41
Net profit								**210**
Expense ratio [1]	25.4%	3.8%		30.1%				
Claims ratio [1]	74.1%	94.0%		72.8%				
Combined ratio [1]	99.5%	97.8%		102.9%				
Amortisation charges	6	8	37	8		30		89
Impairment losses	1	1	8	1		5		16
Reversal of impairment losses								

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

** Adjusted for comparison purposes*

3. FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (€ MILLION)

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL AS AT 30 JUNE 2013
Financial assets				
Fair value measurements				
Investments				
equities and similar investments	1,510	732	508	2,750
bonds	30,153	228		30,381
loans and mortgages		279		279
deposits with credit institutions	1,325	647		1,972
derivatives		2,058		2,058
investments related to cash collateral received in securities lending	120			120
other financial investments	33	2		35
Investments backing linked liabilities				
equities and similar investments	5,418	5,702	3	11,123
bonds and other fixed-income investments	12,365	1		12,366
derivatives		263		263
cash and other financial investments	351	142		493
Banking credit portfolio			343	343
Cash and cash equivalents	2,185			2,185
Total financial assets measured at fair value	**53,460**	**10,054**	**854**	**64,368**
Financial liabilities				
Insurance liabilities				
Investment contracts	174	1,893		2,067
Loans and borrowings		3		3
Derivatives		1,481		1,481
Total financial liabilities measured at fair value	**174**	**3,377**		**3,551**

This note provides an analysis of financial instruments that are measured subsequent 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 assets and liabilities 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 assets and liabilities where the valuation technique includes inputs not based on observable data and the non-observable inputs have a significant effect on the valuation of the assets or liability, such as investment property, venture capital investments, private equity investments, private sector loans and advances which are part of the Banking credit portfolio.

Main changes in the fair value hierarchy in 2013

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.

Due to the introduction of IFRS 13 in 2013, further refinements have been made in the process of classification of the financial instruments into the relevant level within the fair value hierarchy. As a result, the classification of certain deposits with credit institutions amounting to € 460 million has been changed from level 1 to level 2 as these deposits are privately placed and not quoted. Furthermore, the classification of certain investment funds amounting to €118 million has been changed from level 3 to level 2 as the investments within the pools have quoted prices in active markets whereas to investment fund is not listed.

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

Depending on the specific assets and liabilities Achmea has set valuation policies and procedures for determining the fair value. Below, for each type of financial instrument a summary is provided of the valuation process, a description of the technique used and the relevant inputs.

Equity and similar investments

When available, Achmea uses quoted market prices in active markets to determine the fair value of its equities and similar investments. The fair values of investments held in non-quoted investment funds are determined by management after taking into consideration information provided by the fund managers. If no market prices are available, internal models are used to determine fair value.

The level 2 classified Equities and similar investments are mainly Investments backing linked liabilities, which comprise mostly investments in unit linked funds. Investments backing linked liabilities are investments related to insurance contracts where the policyholder bears investment risks. These investments are classified as 'At fair value through profit and loss'. The fair value of the investments in unit linked funds is Achmea's share in the Net Asset Value of these funds. The unit linked funds invest primarily in listed securities and the Net Asset Value of the fund is therefore based on quoted prices in active markets for these securities.

The remaining level 2 classified Equities and similar investments comprise Commodities and Real estate funds. The fair value of Commodities, classified as 'At fair value through profit or loss', represents amounts estimated to be received from or paid to a third party in settlement of these instruments. These instruments are valued by the broker based upon quoted prices in active markets. The fair value of Real estate funds, classified as 'Available for Sale' investments, represents the Net Asset Value of funds managed by Achmea. Achmea reviews these fair values and performs analytical procedures and trending analysis to ensure the fair values are appropriate.

The level 3 classified Equities and similar investments comprise private equity and alternative investments which are mainly classified as 'Available for Sale' investments. The private equity investment portfolio mainly consists of investments with a highly diversified nature in terms of sector, geographical region and type of investment. The alternative investment portfolio, classified as 'Available for Sale' investments, mainly consists of infrastructure related investments. The fair value of these portfolios is determined using the Net Asset Value as reported by the fund manager or general partner, which is considered the best proxy of fair value of the investment. If an adjustment needs to be recorded in the reported Net Asset Value, this is reflected in the fair value. Part of the private equity investment portfolio is related to Achmea's venture capital entity and is classified as 'At fair value through profit or loss'. The pricing models are based on models as recommended in the International Private Equity and Venture Capital Valuation Guidelines. Achmea reviews the valuations and performs analytical procedures to ensure the fair values are appropriate.

Bonds and other fixed-income investments (including Loans and mortgages, Deposits with credit institutions and Cash and other financial investments)

In general, the fair value of these fixed-income investments is determined by means of a net present value methodology using estimated future cash flows, taking into account current interest rates applicable to financial instruments with similar yield, credit quality and maturity characteristics.

The level 2 classified Bonds comprise mainly the bond part of a convertible bond. The related derivative part of the instrument is presented as part of derivatives. In general, the convertible bond is listed and the value of the instrument is therefore market observable. However, for the separate bond-part this is not the case. The fair value is determined by means the valuation of a similar bond with the same characteristics or if not available using a net present value methodology using estimated future cash flows, taking into account current interest rates applicable to financial instruments with similar yield, credit quality and maturity characteristics.

The level 2 classified Loans and mortgages comprise mainly investment loans. The fair value of these financial instruments is determined by means of a net present value methodology using an internally calculated yield taking into account current interest rates applicable to financial instruments with similar yield, credit quality and maturity characteristics.

The level 2 classified Cash and other financial investments, are mainly Investments backing linked liabilities. Investments backing linked liabilities are investments related to insurance contracts where the policyholder bears investment risk.

Derivatives (assets and liabilities)

The level 2 classified derivatives comprise Interest rate derivatives (including swaptions) currency derivatives and equity derivatives.

Where quoted market prices are not available, other valuation techniques, such as option pricing or stochastic modelling, are applied. The valuation is performed by a data vendor. The valuation techniques incorporate all factors that a typical market participant would consider and are based on observable market data when available.

Fair values of interest rate derivates (including swaptions), equity derivatives and currency derivatives represent amounts estimated to be received from or paid to a third party in settlement of these instruments. These derivates are valued using directly observed prices from exchange-traded derivatives or external pricing services or if not available using pricing models based on the net present value of estimated future cash flows. The pricing models which are used are standard industry standard valuation models (like Black and Scholes-model) and make use of current market data. The market data for interest rate derivatives and cross currency interest rate derivatives consist mainly of the swap curve of the related interest period and currency, where applicable adjusted for contract fees and margin (when part of the contractual cash flows of the derivative).

Achmea normally mitigates counterparty credit risk in derivative contract by entering collateral agreements into the contracts where practical.

Banking credit portfolio

The Level 3 classified Banking credit portfolio comprises mainly of private sector loans and advances, which are classified as 'At fair value through profit or loss'. These loans and advances are valued using pricing models based on the discounted value of estimated future cash flows using current interest rates. The market data for interest rate consists of the euro swap curve. In addition to the swap curve there are some unobservable market inputs. The unobservable market inputs may include liquidity spread and credit spread for which the euro swap curve is adjusted. In determining fair value, Achmea also considers the specific loan characteristics and inherent credit risk of the loan portfolio and risk mitigating factors such as collateral arrangements.

Investment contracts

The level 2 classified investment contracts comprise linked and non-linked investment contracts. The fair value of linked investment contracts is the higher of the fair value of the financial instruments linked to the investment contracts, the surrender value (adjusted for any surrender penalties) and the discounted maturity value (against a risk-free interest rate). The fair value for non-linked investment contracts is the higher of the surrender value (adjusted for surrender penalties) and discounted exit value (against a risk-free interest rate).

Significant unobservable inputs for Level 3 asset and liabilities measured at fair value

DESCRIPTION	FAIR VALUE AS AT 30 JUNE 2013 IN MILLIONS	VALUATION TECHNIQUE USED	UNOBSERVABLE INPUT	RANGE (WEIGHTED AVERAGE)	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Equities and similar investments	511	Net Asset Value	N/A	N/A	N/A
Banking credit portfolio	343	Discounted cash flow	Prepayment rate	5.5%	N/A
			Credit spread	182-270	

Equities and similar investments 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.

The impact on the fair value of the Banking credit portfolio, calculated using different assumptions relating to prepayment risk (+1%) and the credit spread (increase of 10 base-points), is not material. It should be noted that in case the actual prepayment ratio and the default rate differs from the estimate, this will also have an impact on the interest rate risk.

Movement schedule for Level 3 financial instruments measured at fair value

ASSETS (€ MILLION)

	EQUITIES AND SIMILAR INVESTMENTS	BANKING CREDIT PORTFOLIO	TOTAL
Balance at 1 January 2013	708	355	1,063
Investments and loans granted	10		10
Divestments and disposals	-100	-11	-111
Fair value changes included in Income Statement	6	-1	5
Fair value changes included in Other comprehensive income	5		5
Changes in fair value hierarchy (transfers from Level 3)	-118		-118
Balance at 30 June 2013	**511**	**343**	**854**

4. ASSETS AND LIABILITIES HELD FOR SALE AND DIVESTMENTS

Eureko Romania

On 28 January 2013, Achmea signed an agreement to sell Eureko Romania's life and pension activities, by way of a transfer of assets and liabilities. This agreement will be effected during the second half of 2013.

Eureko Romania issues, amongst other insurance products, life insurance contracts in Romania and is included in segment International. As at 30 June 2013, assets and liabilities related to these activities were reclassified to Assets classified as 'held for sale' and Liabilities classified as 'held for sale' as part of the segment International. The reclassified assets and liabilities mainly comprise investments and insurance liabilities. As at 30 June 2013 unrealised gains and losses for a total amount of €3 million are included in Total equity.

In 2012 one-off expenses were accounted for due to the reclassification and the expected closing down of the Romanian activities. In the first half of 2013 the agreement to sell Eureko's Romania's life and pension activities were more detailed. As a result part of these one-off expenses as accounted for in 2012 were reversed amounting to €1 million. This reversal is presented as part of 'Other expenses'.

5. BUSINESS COMBINATIONS

Business combination Achmea - Onderlinge Verzekeringen Overheid u.a.

On 1 October 2012, Achmea signed an agreement to effectively take over all activities of Onderlinge Verzekeringen Overheid U.A. (OVO), a Dutch specialist liability and fraud insurer, as per 1 January 2013.

The fair value of the total consideration for OVO consists of a consideration transferred amounting to €2 million. The fair value of the net assets acquired amounted to €3 million. The goodwill for OVO of €-1 million, accounted for as bargain purchase as defined under EU-IFRS, is recognised in Other income of the segment 'Non-life Netherlands'. Achmea has transferred a consideration that is lower than the fair value of the assets and liabilities of OVO. The purchase price of OVO was based on the fair value of the individual assets and liabilities of OVO being a mono-liner. In determining the fair value of the assets and liabilities for the initial accounting, diversification advantages for a multi-liner insurer are taken into account. The initial accounting for the business combination has been completed in the first half year of 2013.

The fair value of the net assets acquired within this business combination amounted to €3 million as at 1 January 2013. Total assets amounted to €32 million, including Intangible assets ('Value of business acquired') amounting to €1 million, Amounts ceded to reinsurers amounting to €4 million and Cash and cash equivalents amounting to €27 million. Total liabilities acquired amounted to €29 million, mainly consisting of Insurance liabilities.

OVO's contribution to the consolidated income and Net profit for the first half year of 2013 amounted to €3 million and €2 million respectively, which have been included in Achmea's consolidated Income statement for the first half year of 2013.

Business combination Achmea – FBA Holding B.V.

The accounting of the business combination Achmea – FBA Holding B.V. will be completed in the second half of 2013. During the first half year of 2013 additional information became available related to the obligation of Achmea to perform a reorganisation within FBA Holding B.V. As a consequence Other provisions decreased with €2 million and goodwill has been adjusted accordingly. Furthermore, in second half of 2013 the fair value of the total consideration will be determined based on the development of the results of the transition in 2013.

6. INTANGIBLE ASSETS

Movements in intangible assets are mainly related to amortisation and foreign currency exchange rate differences.

INTANGIBLE ASSETS (€ MILLION)

	30 JUNE 2013	31 DECEMBER 2012
Goodwill	1,141	1,157
Internally developed software	33	37
Brand name	49	54
Value of business acquired	153	182
Distribution networks	130	147
Other intangible assets	59	62
	1,565	**1,639**

7. INVESTMENT PROPERTY

In the first half year of 2013 the fair value movements related to Investment property amounted to €36 million (first half year 2012: €39 million). These are presented as part of Realised and unrealised gains and losses.

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

	30 JUNE 2013	31 DECEMBER 2012
Residential	397	423
Retail	315	334
Offices	339	349
Other	60	66
	1,111	**1,172**

8. INVESTMENTS

INVESTMENTS CLASSIFIED BY NATURE (€ MILLION)

	AVAILABLE FOR SALE	AT FAIR VALUE THROUGH PROFIT OR LOSS	LOANS AND RECEIVABLES	30 JUNE 2013
Equities and similar investments	2,363	387		2,750
Bonds	27,744	2,637		30,381
Loans and mortgages	276	3	2,863	3,142
Deposits with reinsurers			992	992
Deposits with credit institutions	1,972			1,972
Derivatives		2,058		2,058
Other financial investments	155			155
	32,510	**5,085**	**3,855**	**41,450**

(€ MILLION)

	AVAILABLE FOR SALE	AT FAIR VALUE THROUGH PROFIT OR LOSS	LOANS AND RECEIVABLES	31 DECEMBER 2012
Equities and similar investments	2,258	434		2,692
Bonds	26,191	4,301		30,492
Loans and mortgages	216		2,858	3,074
Deposits with reinsurers			1,102	1,102
Deposits with credit institutions	1,690	48		1,738
Derivatives		2,733		2,733
Other financial investments	170			170
	30,525	**7,516**	**3,960**	**42,001**

Equities and similar investments include investments in real estate investment funds for an amount of €0.3 billion (31 December 2012: €0.5 billion).

BONDS (€ MILLION)

	30 JUNE 2013	31 DECEMBER 2012
Government and government related or guaranteed bonds	19,505	21,800
Securitised bonds:		
- Asset backed	808	513
- Covered	2,136	1,865
Corporate bonds	7,705	6,097
Convertible bonds	227	217
	30,381	**30,492**

The table below provides an overview of the fair values of the main government and government related bonds exposures.

GOVERNMENT AND GOVERNMENT RELATED OR GUARANTEED BONDS (€ MILLION)

	30 JUNE 2013	31 DECEMBER 2012
Netherlands	10,169	10,592
Germany	3,544	4,398
France	1,525	1,792
European governmental institutions	868	809
Finland	446	532
Ireland	524	511
Government guaranteed bonds	1,879	2,540
Other	550	626
	19,505	**21,800**

Due to the earlier adopted measures to reduce exposure in GIIPS countries Achmea's exposure remained limited. For more details regarding Achmea's risk management policies reference is made to Note 50 Risk management of the Achmea Consolidated Financial Statements 2012.

The table below provides an overview of Achmea's exposure to government bonds of GIIPS countries based on their fair value.

GIIPS EXPOSURE GOVERNMENT BONDS (€ MILLION)

	30 JUNE 2013	31 DECEMBER 2012
Greece	10	11
Ireland	524	511
Italy	31	50
Portugal	24	48
Spain	26	48
	615	**668**

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

In March 2013, Achmea announced a cash tender offer to purchase up to €150 million aggregate principal amount of its outstanding €500 million Perpetual Capital Securities with an initial coupon of 5.125%. These Capital Securities qualify as hybrid Tier-1 capital for regulatory solvency purposes. The cash tender offer resulted in a final acceptance amount of €133 million against a purchase price of 98.45%. Settlement took place in April 2013 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 May 2013, Achmea decided to exercise its right to redeem early its outstanding €225 million of Perpetual Capital Securities ('Capital Securities'), with a coupon of 8.375% per annum. These Capital Securities qualified as hybrid Tier-1 capital for regulatory solvency purposes. In accordance with terms and conditions, the Capital Securities were redeemed on the first optional redemption date being the interest payment date falling on 23 May 2013.

10. INSURANCE LIABILITIES

		(€ MILLION)
	30 JUNE 2013	31 DECEMBER 2012
Non-life insurance		
Unearned premiums	1,736	1,269
Provision for premium deficiency and unexpired risks	84	106
Outstanding claims (including IBNR)	5,371	5,318
Profit sharing and bonuses	58	103
Total Non-life insurance	**7,249**	**6,796**
Health insurance		
Unearned premiums	6,649	30
Provision for premium deficiency and unexpired risks	10	18
Outstanding claims (including IBNR)	6,194	5,659
Total Health insurance	**12,853**	**5,707**
Life insurance		
Provision for life policy liabilities	22,850	23,169
Less: Deferred interest surplus rebates	39	50
Net provision for life policy liabilities	22,811	23,119
Profit sharing and bonuses	2,524	3,289
Total Life insurance	**25,335**	**26,408**
Total Insurance liabilities	**45,437**	**38,911**

11. POST-EMPLOYEMENT BENEFITS

		(€ MILLION)
	30 JUNE 2013	31 DECEMBER 2012
Present value of defined benefit obligation	5,684	5,732
Fair value of total investments backing defined benefit obligation	-5,903	-5,810
Fair value of non-qualifying investments backing defined benefit obligation	805	833
Fair value of plan assets	**-5,098**	**-4,977**
Effect of asset ceiling	0	0
Net defined benefit liability	**586**	**755**

MOVEMENT TABLE POST-EMPLOYMENT BENEFITS (€ MILLION)

	DEFINED BENEFIT OBLIGATION	FAIR VALUE OF INVESTMENTS BACKING DEFINED BENEFIT OBLIGATION	EFFECT OF ASSET CEILING	NET DEFINED BENEFIT LIABILITY
Balance at 1 January 2013	5,732	-4,977		755
Current service costs	78			78
Net interest expense on net defined benefit liability	107	-97		10
Remeasurement of net defined benefit liability				
return on plan assets, excluding amounts included in net interest expense		206		206
actuarial gains and losses arising from changes in financial assumptions	-129			-129
experience gains and losses	-68			-68
change in the effect of asset ceiling				
Contributions paid				
employees	18	-18		
Achmea group companies		-251		-251
Benefits paid by the plan				
benefit payments	-54	39		-15
Balance at 30 June 2013	**5,684**	**-5,098**		**586**

MOVEMENT TABLE POST-EMPLOYMENT BENEFITS (€ MILLION)

	DEFINED BENEFIT OBLIGATION	FAIR VALUE OF INVESTMENTS BACKING DEFINED BENEFIT OBLIGATION	EFFECT OF ASSET CEILING	NET DEFINED BENEFIT LIABILITY
Balance at 1 January 2012	4,200	-4,051	30	179
Current service costs	104			104
Net interest expense on net defined benefit liability	228	-228		
Remeasurement of net defined benefit liability				
return on plan assets, excluding amounts included in net interest expense		-446		-446
actuarial gains and losses arising from changes in demographic assumptions	38			38
actuarial gains and losses arising from changes in financial assumptions	1,301			1,301
experience gains and losses	-65			-65
change in the effect of asset ceiling			-30	-30
Past service costs and results on settlements	-3			-3
Contributions paid				
employees	36	-36		
Achmea group companies		-295		-295
Benefits paid by the plan				
benefit payments	-107	79		-28
settlements				
Balance at 31 December 2012	**5,732**	**-4,977**	**0**	**755**

The effect of asset ceiling covers certain pension plans where the plan assets exceed the defined benefit obligation. When Achmea is not unconditionally entitled to the surplus within the pension plan, the surplus is not recognised as a receivable on the Statement of Financial Position.

The future contributions from employees to the pension plans are taken into account in determining the defined benefit obligation and current service costs. Service costs amounted to €78 million in the first half year of 2013 (first half year 2012: €69 million). Contributions paid in the first half year of 2013 by employees amounted to €18 million (first half year 2012: €18 million) and contributions paid by Achmea group companies amounted to €268 million (first half year 2012: €267 million).

The principal actuarial assumptions used are the same as those described in the Consolidated Financial Statements 2012, with the exception of the expected return on plan assets which is no longer relevant under the revised standard. In addition, when determining the defined benefit obligation as at 30 June 2013 the weighted average discount rate used was 3.79% (31 December 2012: 3.69%).

12. LOANS AND BORROWINGS

In April 2013 Achmea B.V. issued €500 million of Subordinated Notes with a coupon of 6%. These Subordinated Notes have a maturity of 30 years (maturity date is 4 April 2043) with a first call option after 10 years. The Notes are listed on the Irish Stock Exchange in Dublin, Ireland.

In May 2013 Achmea B.V. completed the issuance of CHF200 million (€160 million) of Senior Unsecured Notes with a coupon of 1.5%. These Notes have a maturity of 6 years (maturity date is 19 June 2019). The Notes are listed on SIX Swiss exchange.

13. CONTINGENCIES

On 1 February 2013, the nationalisation of SNS Reaal N.V., a Dutch financial institution, was announced. As a consequence of the arrangements made by the Dutch government, the Dutch banks will be required to pay a one-time levy of €1 billion in 2014. For Achmea's banking activities in the Netherlands, based on current information, this is estimated to result in a charge of approximately €9 million. In the first half of 2013, Achmea has carefully assessed the impact this levy might have. Based on the current proposed legislation the levy will be accounted for in the first three quarters of 2014 when the criteria for the obligation event as mentioned in the proposed legislation are met.

14. RELATED PARTY TRANSACTIONS

During the first half year of 2013 the related party transactions were equal to the transactions described in the Achmea Consolidated Financial Statements 2012. Reference is made to Note 30 Related party transactions of the Achmea Consolidated Financial Statements 2012.

15. CAPITAL MANAGEMENT

According to regulations on the supervision of financial conglomerates (based on European Union directives), 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.

(€ MILLION)

	30 JUNE 2013	31 DECEMBER 2012
Total equity	9,763	10,483
Deductions	-1,366	-1,357
Subordinated loans	526	29
Available capital	**8,923**	**9,155**
Required capital insurance activities	4,000	3,985
Required capital banking activities	390	395
Required capital	**4,390**	**4,380**
Surplus capital	**4,533**	**4,775**
Ratio available/required capital	**203%**	**209%**

The solvency ratio decreased to 203% (31 December 2012: 209%). This decrease is the net outcome of a combination of developments. The €500 million of Subordinated Notes, issued in April 2013, are part of the available capital and contribute to a higher solvency ratio. The solvency ratio also increased due to the net result over the first half year of 2013. The available capital decreased as a result of the repurchase of Other equity instruments (€358 million) and dividend and coupon payments (€273 million). Changes in parameters for calculating the Liability Adequacy Test (LAT) contributed to a reduced surplus in the LAT. The surplus in the LAT is taken into account in the calculation of available capital.

In July 2013, France was downgraded from AAA to AA + by Fitch. The consequence is that as of July 2013 France will no longer be included in the ECB AAA curve and therefore the curve on average will be lower. Achmea uses the ECB curve in calculating the Liability Adequacy Test (LAT) for supervisory purposes and therefore the surplus in the LAT will be reduced. The surplus in the LAT is taken into account in the calculation of available capital and therefore the solvency ratio will be negatively impacted in the second half of 2013.

16. SUBSEQUENT EVENTS

Interamerican Bulgaria

In July 2013 the criteria for a held for sale classification for both Interamerican Bulgaria Non-life and Life were met. In line with Achmea's international strategy, Achmea has decided to consider various ways for withdrawing from the Bulgarian market. Several parties expressed interest in acquiring the businesses of both Interamerican Bulgaria Non-life and Life either via a share deal or a portfolio transaction.

Currently, Achmea is in discussion with interested parties, willing to take over both the Non-life and Life businesses. The discussions and closing, receiving the respective approvals, are expected to be finalised before December 2013. Interamerican Bulgaria is presented as part of segment International.

17. OTHER INFORMATION

In 2013 Länsförsäkringar Liv Försäkringsab (publ) and Länsförsäkringar SAK Försäkringsab (publ) have exercised their 3,665,253 options related to certain shares subject to repurchase agreements. When these options were exercised, Achmea B.V. entered into a derivative transaction with the purchasing third party. Pursuant to this transaction Achmea B.V. paid the purchaser an upfront premium equal to the settlement amount due by the purchaser to Länsförsäkringar Liv Försäkringsab (publ) and Länsförsäkringar SAK Försäkringsab (publ) under the related option. The exercise price of the options was €15.56, which is based on Achmea's share price as determined by the Achmea Valuation Model in a valuation performed in 2013.

Notes to the Condensed Consolidated Interim Financial Statements

AUTHORISATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Zeist, 8 August 2013

The Supervisory Board
E.A.J. (Erik) van de Merwe, Chairman
M. (Marinus) Minderhoud, Vice-Chairman
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
B.J. (Bé) van der Weg

The Executive Board
W.A.J. (Willem) van Duin, Chairman
H. (Huub) Arendse, CFO
J.A.S. (Jeroen) van Breda Vriesman
D. (Danny) van der Eijk
R. (Roelof) Konterman

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 2013 of Achmea B.V., Zeist, which comprises the Consolidated Statement of Financial Position as at 30 June 2013, 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 condensed 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 2013 are not prepared, in all material respects, in accordance with IAS 34, ‘Interim Financial Reporting’ as adopted by the European Union.

Amsterdam, 8 August 2013
PricewaterhouseCoopers Accountants N.V.

Original signed by G.J. Heuvelink RA