HALF YEAR REPORT

2014

achmea

Board report – 2014 Interim results

GROUP DEVELOPMENTS

Acceleration & Innovation on track

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

Customer-driven

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

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

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

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

Competitive costs

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

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

Responsible returns

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

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

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

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

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

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

Changes to the Executive Board

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

Board report – 2014 Interim results

FINANCIAL RESULTS

Group results

Achmea posted an operational result of €142 million for the first six months of 2014, representing an increase compared to the €84 million operational result for the same period last year. However a net loss of €58 million is presented for the first half year of 2014 (first half year 2013: €123 million net profit). The bridge from operational result to net result can be shown as follows:

(€ MILLION)

	FIRST HALF YEAR 2014	FIRST HALF YEAR 2013
Operational result	**142**	**84**
Impairments on intangible assets	-143	-
Reorganisation expenses	-45	-
Mergers & acquisitions	-	-5
Income taxes	-12	44
Net result	**-58**	**123**

Operational result

The increase is due mainly to improved profitability of virtually all our insurance activities and further reduced operating expenses – by 3% for the first half year 2014 – to €1.4 billion. Achmea experienced a strong first half of the year, in line with operational and commercial expectations. Operating result from our Property & Casualty business remained stable, and we managed to increase our market share despite continued tough competition. We also continued to increase the profitability of our Income Protection insurance business during the first few months of 2014. Earnings from our Health insurance business remained stable during the first few months of the year. In the Pension and Life Insurance business, we implemented successful measures to further reduce complexity and risk in this segment. Coupled with interest-rate trends, this resulted in a better result than in the same period last year. Our financial position remained solid throughout, with our solvency ratio increasing to 220% (year-end 2013: 203%).

Goodwill impairment and other nonrecurring items

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

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

Operating expenses

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

Segment results

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

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

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

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

Board report

UNCERTAINTIES IN THE SECOND HALF YEAR OF 2014

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 related to Health Insurance in the Netherlands. These risks may have an impact on Achmea’s performance in the coming half year.

The risks and uncertainties to which Achmea is exposed are described in the Risk Management Paragraph of the Consolidated Financial Statements 2013. 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.

No additional risks and uncertainties need to be described in relation to the second half year 2014.

Willem van Duin
Chairman of the Executive Board, Achmea B.V.
12 August 2014

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 28 July 2014 and authorised them for submission to the Supervisory Board. The Achmea Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2014 were authorised for issue in accordance with the resolution of the Executive Board on 12 August 2014.

The Executive Board of Achmea B.V. declares that, to the best of their knowledge, the Achmea B.V. Condensed Consolidated Interim Financial Statements 2014 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 2014 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 2014

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
H. (Henk) Timmer, CRO

ACHMEA B.V.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 JUNE 2014

Condensed Consolidated Interim Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BEFORE APPROPRIATION OF RESULT)

(€ MILLION)

	NOTES	30 JUNE 2014	31 DECEMBER 2013	1 JANUARY 2013
Assets				
Intangible assets	6	1,063	1,244	1,639
Associates and joint ventures		149	152	163
Property for own use and equipment		577	578	619
Investment property	7	1,138	1,200	1,172
Investments	8	46,827	43,686	42,122
Investments backing linked liabilities		18,874	22,563	24,972
Banking credit portfolio		15,028	15,251	16,436
Deferred tax assets		473	523	385
Deferred acquisition costs		159	172	198
Amounts ceded to reinsurers		1,577	904	964
Receivables and accruals		11,833	4,975	5,232
Cash and cash equivalents		2,002	3,260	1,073
		99,700	**94,508**	**94,975**
Assets classified as 'held for sale'		10	36	38
Total assets		**99,710**	**94,544**	**95,013**
Equity				
Equity attributable to holders of equity instruments of the Company		9,669	9,687	10,463
Non-controlling interest		15	15	20
Total equity		**9,684**	**9,702**	**10,483**
Liabilities				
Insurance liabilities	9	48,663	39,651	38,906
Insurance liabilities where policyholders bear investment risks		16,870	19,387	22,259
Investment contracts		2,011	2,015	2,123
Post-employment benefits	10	875	793	755
Other provisions	11	280	274	282
Banking customer accounts		6,165	5,981	5,351
Loans and borrowings	12	9,690	11,131	9,623
Derivatives		1,681	1,491	1,779
Deferred tax liabilities		17	15	53
Income tax payable		61	67	86
Other liabilities		3,699	4,001	3,275
		90,012	**84,806**	**84,492**
Liabilities classified as 'held for sale'		14	36	38
Total equity and liabilities		**99,710**	**94,544**	**95,013**

Condensed Consolidated Interim Financial Statements

CONSOLIDATED INCOME STATEMENT*

(€ MILLION)

	FIRST HALF YEAR 2014	FIRST HALF YEAR 2013
Income		
Gross written premiums Non-life	2,308	2,367
Gross written premiums Health	12,981	13,425
Gross written premiums Life	1,728	1,819
Gross written premiums	**17,017**	**17,611**
Reinsurance premiums	−971	−627
Change in provision for unearned premiums (net of reinsurance)	−6,852	−7,187
Net earned premiums	**9,194**	**9,797**
Income from associates and joint ventures	1	1
Investment income	515	500
Realised and unrealised gains and losses	1,236	−191
Income from investments backing linked liabilities	1,318	103
Banking income	317	361
Fee and commission income, and income from service contracts	204	211
Other income	46	29
Total income	**12,831**	**10,811**
Expenses		
Claims and movements in insurance liabilities	13,106	9,815
Claims and movements in insurance liabilities ceded to reinsurers	−788	−352
Profit sharing and bonuses for policyholders	1,048	4
Movements in insurance liabilities where policyholders bear investment risks	−2,518	−663
Fair value changes and benefits credited to investment contracts	69	41
Operating expenses	1,423	1,473
Banking expenses	240	269
Interest and similar expenses	55	43
Other expenses	242	102
Total expenses	**12,877**	**10,732**
Profit before tax	**−46**	**79**
Income tax expenses	12	−44
Net profit	**−58**	**123**
Net profit attributable to:		
Holders of equity instruments of the Company	−59	123
Non-controlling interest	1	
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)	−0.25	0.16

* *Adjusted for comparison reasons*

Condensed Consolidated Interim Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ MILLION)

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

Condensed Consolidated Interim Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

2014	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**	**662**	**581**	**−260**	**−7**	**−202**	**−3,523**	**347**	**967**	**9,687**	**15**	**9,702**
Net other comprehensive income				192	5		−7				190		190
Net profit									−59		−59	1	−58
Comprehensive income				**192**	**5**		**−7**		**−59**		**131**	**1**	**132**
Appropriations to reserves			5	−13				355	−347				
Dividends and coupon payments								−164			−164		−164
Issue, repurchase and sale of equity instruments													
Other movements								14			14		14
Balance at 30 June	**11,357**	**−235**	**667**	**760**	**−255**	**−7**	**−209**	**−3,318**	**−59**	**967**	**9,668**	**17**	**9,684**

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**	**−3,750**	**468**	**1,325**	**10,463**	**20**	**10,483**
Impact of the implementation of IFRS 10 and IFRS 11 on Total equity				−7				7					
Adjusted balance at 1 January	**11,357**	**−235**	**678**	**683**	**−152**	**−7**	**89**	**−3,743**	**468**	**1,325**	**10,463**	**20**	**10,483**
Net 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				487	−468				
Dividends and coupon payments								−237			−237		−237
Issue, repurchase and sale of equity instruments										−358	−358		−358
Other movements				−5				4			−1	1	
Balance at 30 June	**11,357**	**−235**	**679**	**504**	**−197**	**−7**	**40**	**−3,489**	**123**	**967**	**9,742**	**21**	**9,763**

Dividends and coupon payments consist of dividend paid to holders of preference shares of €25 million (first half year 2013: €25 million), dividend paid to holders of ordinary shares of €120 million (first half year 2013: €168 million) and coupon payments to holders of Other equity instruments of €19 million (first half year 2013: €44 million).

Condensed Consolidated Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(€ MILLION)

	FIRST HALF YEAR 2014	FIRST HALF YEAR 2013
Cash and cash equivalents at 1 January	3,260	1,073
Cash flow from operating activities		
Profit before tax	−46	79
Adjustments of non-cash items and reclassifications	−1,499	1,139
Changes in operating assets and liabilities	2,119	−837
Total cash flow from operating activities	**574**	**381**
Cash flow from investing activities		
Investments, acquisitions and direct return on investments	−23	−55
Divestments and disposals	13	4
Total cash flow from investment activities	**−10**	**−51**
Total cash flow from financing activities	**−1,822**	**777**
Net cash flow	**−1,258**	**1,107**
Cash and cash equivalents at 30 June	**2,002**	**2,180**
Cash and cash equivalents include the following items		
Cash and bank balances	1,554	1,726
Call deposits	448	454
Cash and cash equivalents at 30 June	**2,002**	**2,180**

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 2014 as adopted by the European Union. The Condensed Consolidated Interim Financial Statements should be read in conjunction with the Achmea Consolidated Financial Statements 2013. The Achmea Consolidated Financial Statements 2013 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 2013 Financial Statements except for changes mentioned specifically hereafter.

INITIAL APPLICATION OF ACCOUNTING POLICIES

The following Standards and amendments have been adopted by Achmea as of 1 January 2014.

IAS 32 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (AMENDMENT)
On 16 December 2011, the IASB issued amendments to IAS 32 that clarify the requirements for offsetting financial instruments. The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right to offset' and that some gross settlement systems may be considered equivalent to net settlement. These amendments had no impact on Achmea as no different offsetting decisions are made. The amendments had no impact on Total assets, 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 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. These amendments had no impact on Net profit and Total equity of Achmea.

IFRS 10 CONSOLIDATED FINANCIAL STATEMENTS
On 12 May 2011, the IASB issued IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities and consequential amendments to IAS 28 Investments in Associates and Joint Ventures and IAS 27 Separate Financial Statements. Furthermore, on 28 June 2012 and 31 October 2012 further amendments to these standards were issued by the IASB. IFRS 10 defines the principles of control and establishes control as the sole basis for determining which entities are to be consolidated in the financial statements. The standard also sets out requirements on how to apply the control principles. IFRS 10 replaces all the guidance on control and consolidation in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities.

The following tables summarise the impact of the implementation of IFRS 10 on Total equity, Net profit, Other comprehensive income and Net cash flow of Achmea in 2013. In accordance with the transitional provisions of IFRS 10, if control in a former subsidiary was lost before 1 January 2014 Achmea has not reassessed whether control for this subsidiary existed, based on the guidance in IFRS 10. Furthermore, gains and losses on the loss of control of these entities before 2014 are not recalculated. For those entities that were not consolidated in the past, but which Achmea has to consolidate based on IFRS 10, comparative figures have been adjusted for the immediately preceding period.

IMPACT ON TOTAL EQUITY

(€ MILLION)

	AS AT 31 DECEMBER 2013	AS AT 1 JANUARY 2013
Total equity (before change in accounting policy)	9,702	10,483
Change in Investments	188	192
Change in Cash and cash equivalents	−2	−2
Change in Loans and borrowings	2	2
Change in Other liabilities	−188	−192
Impact of related taxes		
Total equity (after change in accounting policy)	**9,702**	**10,483**

IMPACT ON NET PROFIT

(€ MILLION)

	FIRST HALF YEAR 2013
Net profit (before changes in accounting policy)	123
Change in Fee and commission income, and income from service contracts	−2
Change in Other income	2
Impact related taxes	
Net profit (after change in accounting policy)	**123**

The impact on (diluted) earnings per share in 2013 is nil.

IMPACT ON NET OTHER COMPREHENSIVE INCOME

(€ MILLION)

	FIRST HALF YEAR 2013
Net Other Comprehensive Income (before changes in accounting policy)	−248
Change in unrealised gains and losses on available for sale instruments	
Impact related taxes	
Net Other Comprehensive Income (after changes in accounting policy)	**−248**

The impact of IFRS 10 on the condensed consolidated statement of cash flows is not material.

The implementation of IFRS 10 resulted in the consolidation of several investment funds in which Achmea invests on behalf of policyholders and also acts as the investment manager. The main part of the participation rights in these investment funds are held for the risk of policyholders and were presented in the past as Investments backing linked liabilities – Equities and similar investments. A small part of the participation rights were not held by policyholders but for the risk of Achmea. Due to the consolidation of the investments funds, the underlying investments are presented as part of Investments backing linked liabilities (e.g. Bonds and other fixed income investments and Cash and other financial investments) and, for the part for risk of Achmea, as Investments. These latter investments, which are not held for the risk of policyholders, are classified at ‘At fair value through profit or loss’. Before 2014, Achmea did not consolidate these investments funds and the participation rights for the risk of Achmea were classified as ‘Available for sale’. This resulted in a reclassification between the Revaluation reserve and Retained earnings, both part of Total equity, as at 1 January 2013 amounting to €7 million.

A minor part of the participation rights in these investment funds is held by external parties. Because these investment funds were not consolidated, these participation rights were not presented in the statement of financial position in the past. Within the financial statements of these investment funds, the participation rights are classified as equity. Based on IAS 32 AG 29A, the participation rights of the non-controlling interest (e.g. the external parties) should be classified as liabilities in the Condensed Consolidated Interim Financial Statements of the group. Therefore, due to the implementation of IFRS 10, both Investments and Other liabilities are increased by the same amounts. The related accounts in the Income statement are adjusted accordingly.

IFRS 11 JOINT ARRANGEMENTS

IASB issued IFRS 11 on 12 May 2011. The standard was developed as part of the IASB improvement process on the accounting for off-balance sheet activities and joint arrangements. Furthermore, on 28 June 2012 amendments on transition guidance were issued by the IASB. IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC-13 Jointly Controlled Entities-Non-Monetary Contributions by Venturers and will be applicable from 1 January 2013. IFRS 11 removes the option to account for joint arrangements using proportionate consolidation. Instead, joint arrangements that meet the definition of a joint venture under IFRS 11 must be accounted for, using the equity method. Therefore, Achmea has changed its accounting treatment for joint ventures from proportionate consolidation to equity accounting.

The following tables summarise the impact of the implementation of IFRS 11 on Total equity, Net profit, Other comprehensive income and Net cash flow of Achmea in 2013. Achmea has applied the new accounting policy for interests in joint ventures occurring on or after 1 January 2013 in accordance with the transitional provisions of IFRS 11. Achmea has assessed the nature of its joint arrangements as at 31 December 2013 and determined them to be joint ventures. Achmea therefore recognised its investment in joint ventures at 1 January 2013, as the total of the carrying amounts of the assets and liabilities previously proportionately consolidated. This is the deemed cost of the investments in joint ventures for applying the equity method of accounting.

IMPACT ON TOTAL EQUITY (€ MILLION)

	AS AT 31 DECEMBER 2013	AS AT 1 JANUARY 2013
Total equity (before change in accounting policy)	9,702	10,483
Change in Associates and joint ventures	64	71
Change in Investments	−63	−71
Change in Amounts ceded to reinsurers	−4	−4
Change in Cash and cash equivalents	−3	−3
Change in Insurance liabilities	5	5
Change in Deferred tax liabilities	1	1
Change in Other liabilities		1
Impact of related taxes		
Total equity (after change in accounting policy)	**9,702**	**10,483**

IMPACT ON NET PROFIT (€ MILLION)

	FIRST HALF YEAR 2013
Net profit (before changes in accounting policy)	123
Change in Income from associates and joint ventures	
Change in Gross written premiums	−4
Change in Reinsurance premiums	2
Change in Net earned premiums	−2
Change in Claims and movements in insurance liabilities	−2
Change in Claims and movements in insurance liabilities ceded to reinsurers	2
Change in Operating expenses	2
Impact related taxes	
Net profit (after change in accounting policy)	**123**

The impact on (diluted) earnings per share in 2013 is nil.

IMPACT ON NET OTHER COMPREHENSIVE INCOME

(€ MILLION)	FIRST HALF YEAR 2013
Net Other Comprehensive Income (before changes in accounting policy)	−248
Change in share in other comprehensive income of associates and joint ventures	−3
Change in unrealised gains and losses on available for sale instruments	3
Impact related taxes	
Net Other Comprehensive Income (after changes in accounting policy)	**−248**

The impact of IFRS 11 on the condensed consolidated statement of cash flows is not material.

IFRS 12 DISCLOSURE OF INTERESTS IN OTHER ENTITIES

IFRS 12 provides disclosure requirements on interests in subsidiaries, associates, joint ventures, and structured entities. This standard affects disclosure only and has therefore no impact on Achmea's Net profit and Total equity. This new standard has limited impact on the disclosures related to Achmea's interest in joint arrangements, associates or unconsolidated entities. Due to the limited impact on the disclosures, the new disclosures will be included in the Financial Statements 2014 for the first time. In accordance with the transitional provisions of IFRS 12, comparatives for disclosures regarding unconsolidated structured entities are not be presented.

IAS 27 REISSUED AS IAS 27 SEPARATE FINANCIAL STATEMENTS

On 12 May 2011, the IASB reissued IAS 27. The revised IAS 27 contains accounting and disclosure requirements only for investments in subsidiaries, joint ventures and associates in company Financial Statements. Furthermore, on 31 October 2012 amendments were issued by the IASB (refer to IFRS 10 for brief summary of the amendments). The standard had no impact on Achmea's Company Financial Statements as Achmea makes use of the option provided in section 362 (8) Book 2, part 9 of the Dutch Civil Code for accounting for subsidiaries, joint ventures and associates in separate Financial Statements.

IAS 28 REISSUED AS IAS 28 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

On 12 May 2011, the IASB reissued IAS 28. The revised IAS 28 prescribes the accounting for investments in associates and sets out requirements for the application of the equity method when accounting for investments in associates and joint ventures. The revised standard had a limited impact on the presentation of the joint ventures in which Achmea is involved. The revised standard had 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. The Interpretation had no impact on Net profit and Total equity of Achmea.

CHANGES IN STANDARDS AND AMENDMENTS WITH FUTURE APPLICATION DATE

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 2013, the following Standards and Interpretations were issued in 2014 and are not applied by Achmea in preparing its Condensed Consolidated Interim Financial Statements.

IAS 16 PROPERTY, PLANT AND EQUIPMENT (AMENDMENT)

On 12 May 2014, the IASB issued amendments to IAS 16 Property, Plant and Equipment. IAS 16 establishes the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is in general not appropriate. These amendments are effective for reporting periods beginning on or after 1 January 2016, with early application permitted. Furthermore, on 30 June 2014, the IASB issued amendments that change the financial reporting for bearer plants. The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16, because their operation is similar to that of manufacturing. These amendments are effective for reporting periods beginning on or after 1 January 2016, with early application permitted. As at 30 June 2014, these amendments have not been endorsed by the EU. Both amendments will have no impact on Net profit and Total equity of Achmea.

IAS 38 INTANGIBLE ASSETS (AMENDMENT)

On 12 May 2014, the IASB issued amendments to IAS 38 Intangible Assets. IAS 38 establishes the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. These amendments are effective for reporting periods beginning on or after 1 January 2016, with early application permitted. As at 30 June 2014, these amendments have not been endorsed by the EU. As Achmea uses economic life as the basis of depreciation, the amendments will have no impact on Net profit and Total equity of Achmea.

IAS 41 AGRICULTURE (AMENDMENT)

On 30 June 2014, the IASB issued amendments that change the financial reporting for bearer plants. The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16, because their operation is similar to that of manufacturing. These amendments are effective for reporting periods beginning on or after 1 January 2016, with early application permitted. As at 30 June 2014, these amendments have not been endorsed by the EU. These amendments will have no impact on Net profit and Total equity of Achmea.

IFRS 11 JOINT ARRANGEMENTS (AMENDMENT)

On 6 May 2014, the IASB issued amendments to IFRS 11 Joint Arrangements. IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. These amendments are effective for reporting periods beginning on or after 1 January 2016. As at 30 June 2014, these amendments have not been endorsed by the EU. As Achmea does not qualify as an investment entity, the amendments will have no impact on Net profit and Total equity of Achmea.

IFRS 14 REGULATORY DEFERRAL ACCOUNTS

On 31 January 2014, the IASB issued an interim Standard, IFRS 14 Regulatory Deferral Accounts. The aim of this interim Standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities. IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the Standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the Standard. IFRS 14 Regulatory Deferral Accounts is effective from 1 January 2016, with early application permitted. As at 30 June 2014, the Standard has not been endorsed by the EU. This Standard is not applicable to Achmea and therefore this Standard will have no impact on Net profit and Total equity of Achmea.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

On 28 May 2014, the IASB issued a Standard on the recognition of revenue from contracts with customers. The Standard replaces IAS 18 Revenue, IAS 11 Construction Contracts and related Interpretations. The core principle of the new Standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. IFRS 15 Revenue from Contracts with Customers is effective for reporting periods beginning on or after 1 January 2017, with early application permitted. As at 30 June 2014, the Standard has not been endorsed by the EU. As Achmea is primarily an insurance company, the Standard is expected to have no material impact on Net profit and Total equity of Achmea.

Notes to the Condensed Consolidated Interim Financial Statements

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 2013, except for the accounting of medical expenses incurred by insured persons abroad (foreign claims). These foreign claims are settled partly through ZiN (Zorg Instituut Nederland). ZiN pays foreign health care providers through its network of foreign liaison bodies and then allocates these costs to Dutch health insurers. The total duration of this process often requires several years and the information received about the accident year was very limited. As a result, Achmea estimated the foreign claims to be expected but not yet allocated to Achmea by ZiN based on the declarations of the last year. Recently, there has been an expansion in the available data, including data about accident year, received from ZiN. In addition, data processing related to these claims is now fully electronically. As a result, Achmea was able to more reliably estimate foreign claims not yet reported to Achmea. This change in estimation technique resulted in additional Insurance liabilities related to these claims amounting to €64 million and Total equity through Net profit decreased by the same amount.

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 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 mainly associated 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 actively in the countries Greece, Slovakia, Turkey, Ireland and Russia. 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. 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, 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 within the overall strategy, performance targets and risk appetite 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. As of 2014, expenses for shared service centres and corporate expenses are allocated to segments based on the activities performed whereas until 2013 these were based on fixed amounts and/or possibility to influence the costs based on, amongst others, services provided, activities performed and/or transactions processed. Comparative figures have not been adjusted and are therefore not presented on a comparable basis.

SEGMENT CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014 (€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	INTERNATIONAL	BANKING NETHERLANDS	OTHER*	INTERSEGMENT ELIMINATIONS	TOTAL
Assets								
Intangible assets	725		148	126	4	60		1,063
Associates and joint ventures		6	59	75	6	3		149
Property for own use and equipment	82	10	26	76		383		577
Investment property			783	57	5	293		1,138
Investments	6,945	5,840	31,128	2,811	3,025	320	−3,242	46,827
Investments backing linked liabilities	24		16,592	2,258				18,874
Banking credit portfolio				48	15,028		−48	15,028
Deferred tax assets	10			47		416		473
Deferred acquisition costs			65	93		1		159
Amounts ceded to reinsurers	125	28	594	905			−75	1,577
Receivables and accruals	1,230	9,170	866	580	19	98	−130	11,833
Cash and cash equivalents	65	699	103	273	1,056	83	−277	2,002
	9,206	**15,753**	**50,364**	**7,349**	**19,143**	**1,657**	**−3,772**	**99,700**
Assets classified as 'held for sale'		4				6		10
Total assets	**9,206**	**15,757**	**50,364**	**7,349**	**19,143**	**1,663**	**−3,772**	**99,710**
Equity								
Equity attributable to holders of equity instruments of the Company	2,198	2,766	3,582	860	741	−478		9,669
Non-controlling interest	3					12		15
Total equity	**2,201**	**2,766**	**3,582**	**860**	**741**	**−466**		**9,684**
Liabilities								
Insurance liabilities	6,417	11,535	28,090	3,538			−917	48,663
Insurance liabilities where policyholders bear investment risks	11		16,591	268				16,870
Investment contracts				2,011				2,011
Post-employment benefits		9		38		−14	842	875
Other provisions	18	8	8	52	4	190		280
Banking customer accounts					7,485		−1,320	6,165
Loans and borrowings	79	10	21		9,675	2,065	−2,160	9,690
Derivatives	1	1	514		1,153	12		1,681
Deferred tax liabilities						17		17
Income tax payable			−5	1	−23	88		61
Other liabilities	479	1,414	1,563	581	108	−229	−217	3,699
	7,005	**12,977**	**46,782**	**6,489**	**18,402**	**2,129**	**−3,772**	**90,012**
Liabilities classified as 'held for sale'		14						14
Total equity and liabilities	**9,206**	**15,757**	**50,364**	**7,349**	**19,143**	**1,663**	**−3,772**	**99,710**

* *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 2013 (€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	INTERNATIONAL	BANKING NETHERLANDS	OTHER*	INTERSEGMENT ELIMINATIONS	TOTAL
Assets								
Intangible assets	732		176	191	2	143		1,244
Associates and joint ventures		8	58	72	6	8		152
Property for own use and equipment	91	9	19	76		383		578
Investment property			816	54	5	325		1,200
Investments	6,880	4,961	29,668	2,725	1,536	756	−2,840	43,686
Investments backing linked liabilities	22		20,286	2,255				22,563
Banking credit portfolio					15,251			15,251
Deferred tax assets	9			70		444		523
Deferred acquisition costs			70	102				172
Amounts ceded to reinsurers	108	26	14	823			−67	904
Receivables and accruals	1,108	3,120	649	407	33	−269	−73	4,975
Cash and cash equivalents	60	460	265	275	2,263	317	−380	3,260
	9,010	**8,584**	**52,021**	**7,050**	**19,096**	**2,107**	**−3,360**	**94,508**
Assets classified as 'held for sale'				36				36
Total assets	**9,010**	**8,584**	**52,021**	**7,086**	**19,096**	**2,107**	**−3,360**	**94,544**
Equity								
Equity attributable to holders of equity instruments of the Company	2,156	2,664	3,577	928	751	−389		9,687
Non-controlling interest	3					12		15
Total equity	**2,159**	**2,664**	**3,577**	**928**	**751**	**−377**		**9,702**
Liabilities								
Insurance liabilities	6,042	5,053	26,028	3,367			−839	39,651
Insurance liabilities where policyholders bear investment risks	9		19,115	263				19,387
Investment contracts				2,015				2,015
Post-employment benefits		9		33		−21	772	793
Other provisions	20	22	11	56	4	161		274
Banking customer accounts					7,358		−1,377	5,981
Loans and borrowings	85	18	21		9,862	2,785	−1,640	11,131
Derivatives			480		1,002	9		1,491
Deferred tax liabilities	−1					16		15
Income tax payable		1	−5	7	32	32		67
Other liabilities	696	817	2,794	381	87	−498	−276	4,001
	6,851	**5,920**	**48,444**	**6,122**	**18,345**	**2,484**	**−3,360**	**84,806**
Liabilities classified as 'held for sale'				36				36
Total equity and liabilities	**9,010**	**8,584**	**52,021**	**7,086**	**19,096**	**2,107**	**−3,360**	**94,544**

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

Notes to the Condensed Consolidated Interim Financial Statements

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)	−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	**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	219		334
Banking expenses					270		−30	240
Interest and similar expenses	1		1			57	−4	55
Other expenses	11	−18	41	93		115		242
Total expenses	**1,555**	**6,352**	**3,450**	**824**	**339**	**391**	**−34**	**12,877**
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.*

Notes to the Condensed Consolidated Interim Financial Statements

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	2,022	13,249	1,690	659			−9	17,611
Reinsurance premiums	−103	−223	−186	−124			9	−627
Change in provision for unearned premiums (net)	−367	−6,607	−192	−21				−7,187
Net earned premiums	**1,552**	**6,419**	**1,312**	**514**				**9,797**
Income from associates and joint ventures				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	9	47		15		140		211
Other income	6	19	1	4		−1		29
Total income	**1,692**	**6,543**	**1,457**	**654**	**357**	**139**	**−31**	**10,811**
Expenses								
Net claims and movements in insurance liabilities	1,120	6,092	1,853	397			1	9,463
Profit sharing and bonuses for policyholders	4		1	−1				4
Movements in insurance liabilities where policyholders bear investment risks			−664	2			−1	−663
Fair value changes and benefits credited to investment contracts				41				41
Operating expenses related to insurance activities	385	243	163	177				968
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	**1,515**	**6,391**	**1,395**	**651**	**356**	**455**	**−31**	**10,732**
Profit before tax	**177**	**152**	**62**	**3**	**1**	**−316**		**79**
Income tax expenses								−44
Net profit								**123**
Expense ratio [1]	24.8%	3.8%		31.4%				
Claims ratio [1]	72.2%	94.9%		71.5%				
Combined ratio [1]	97.0%	98.7%		102.9%				
Amortisation charges	5	7	37	9		37		95
Impairment losses	1	1	9		11	6		28

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

* *Adjusted for comparison reasons*

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 not based on 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, 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 facts 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 2014

(€ MILLION)

	LEVEL 1	LEVEL 2	LEVEL 3	Total 2014
Financial assets				
Recurring fair value measurements				
Investments				
equities and similar investments	1,704	736	450	2,890
bonds	36,100	326		36,426
loans and mortgages		253		253
deposits with credit institutions	279	656		935
derivatives		2,476		2,476
other financial investments	228	27		255
Investments backing linked liabilities				
equities and similar investments	6,094	621		6,715
bonds and other fixed-income investments	3,755	6,950		10,705
derivatives		289		289
cash and other financial investments	725	206		931
Banking credit portfolio			320	320
Cash and cash equivalents	2,002			2,002
Total financial assets measured at fair value on a recurring basis	**50,887**	**12,540**	**770**	**64,197**
Financial liabilities				
Investment contracts	206	1,805		2,011
Loans and borrowings		21		21
Derivatives		1,681		1,681
Total financial liabilities measured at fair value on a recurring basis	**206**	**3,507**		**3,713**

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE ON A RECURRING AND NON-RECURRING BASIS AS AT 31 DECEMBER 2013*

(€ MILLION)

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL 2013
Financial assets				
Recurring fair value measurements				
Investments				
equities and similar investments	1,575	707	432	2,714
bonds	33,893	295		34,188
loans and mortgages		272		272
deposits with credit institutions	431	571		1,002
derivatives		1,579		1,579
other financial investments	281	17		298
Investments backing linked liabilities				
equities and similar investments	6,219	3,322		9,541
bonds and other fixed-income investments	4,949	6,346		11,295
derivatives		272		272
cash and other financial investments	706	427		1,133
Banking credit portfolio			328	328
Cash and cash equivalents	3,265			3,265
Total financial assets measured at fair value on a recurring basis	**51,319**	**13,808**	**760**	**65,887**
Financial liabilities				
Investment contracts	191	1,824		2,015
Loans and borrowings		19		19
Derivatives		1,490		1,490
Total financial liabilities measured at fair value on a recurring basis	**191**	**3,333**		**3,524**

* *Based on an assessment as per 30 June 2014 it was decided that it would be more appropriate to classify some contracts reported as deposits with credit institutions as bonds. Furthermore by classifying these contracts as bonds the current market view on these investments is followed. For comparison reasons, the figures reported as per 31 December 2013 have been adjusted accordingly*

Main changes in the fair value hierarchy in 2014

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.

There is no reclassification made in 2014 between the levels in the fair value hierarchy.

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. 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 trend 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 to be 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 that 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 and other fixed-income investments comprise mainly saving accounts, part of Investments backing linked liabilities. The fair value is determined by means of a net present value methodology using estimated future cash flows during the fixed mortgage interest period, taking into account current interest rates applicable to financial instruments with similar yield, credit quality and maturity characteristics. The remaining part of the level 2 classified Bonds and other fixed-income investments comprise 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 of 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 contracts by entering collateral agreements into the contracts where practical.

Banking credit portfolio

The Level 3 classified Banking credit portfolio comprises mainly 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).

Movement schedule for Level 3 financial instruments measured at fair value

FINANCIAL ASSETS (€ MILLION)

	EQUITIES AND SIMILAR INVESTMENTS	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
Changes in fair value hierarchy (transfers from Level 3)			
Balance at 30 June	**450**	**320**	**770**

FINANCIAL ASSETS (€ MILLION)

	EQUITIES AND SIMILAR INVESTMENTS	BANKING CREDIT PORTFOLIO	TOTAL 2013
Balance at 1 January	643	355	998
Investments and loans granted	34		34
Divestments and disposals	−126	−21	−147
Fair value changes included in Income Statement	−9	−6	−15
Fair value changes included in Other comprehensive income	22		22
Changes in fair value hierarchy (transfers from Level 3)	−132		−132
Balance at 30 June	**432**	**328**	**760**

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 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

DESCRIPTION	FAIR VALUE AS AT 30 JUNE 2014 IN MILLIONS	VALUATION TECHNIQUE USED	UNOBSER-VABLE INPUT	RANGE (WEIGHTED AVERAGE)	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Equities and similar investments	450	Net Asset Value	N/A	N/A	N/A
Banking credit portfolio	320	Discounted cash flow	Prepay-ment rate	5.5%	A decrease of 100 basispoints will result in a €0,2 million lower income in the income statement
			Credit spread	216-266	An increase of 10 basispoints will result in a €0.7 million lower income in the income statement

Equities and similar investments mainly consists of private equity investments. The private equity investment portfolio, amounting to €450 million (31 December 2013: €432 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 2013: €66 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 2013: €7 million) 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 €30 million (31 December 2013: €32 million) increase or decrease of Total equity, respectively.

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.

DESCRIPTION	FAIR VALUE AS AT 31 DECEMBER 2013 IN MILLIONS	VALUATION TECHNIQUE USED	UNOBSER-VABLE INPUT	RANGE (WEIGHTED AVERAGE)	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Equities and similar investments	432	Net Asset Value	N/A	N/A	N/A
Banking credit portfolio	328	Discounted cash flow	Prepay-ment rate	5.5%	A decrease of 100 basispoints will result in a €0,02 million lower income in the income statement
			Credit spread	216-266	An increase of 10 basispoints will result in a €0.5 million lower income in the income statement

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. At that time, Achmea expected that this agreement would be effected in 2013. However, local regulatory requirements took more time. In 2014, the sale of Eureko Romania’s life activities was effected, which resulted in a gain of €3.3 million. It is expected that part of the sale of the pension activities (the so called Pillar II pension activities) will be effected in 2014 and the remainder (the so called Pillar III pension activities) in 2015.

Interpolis Kredietverzekeringen

On 28 May 2014, Achmea signed a letter of intent to sell its capital interest in N.V. Interpolis Kredietverzekeringen (IKV) to the other joint venturer. IKV is a credit insurance company that operates in the Dutch market and sells insurance products and services related to default risk. The letter of intent is expected to result in a transfer agreement in 2014, pending certain condition precedents that have to be fulfilled (amongst others no objections from a Dutch and Belgian competition and regulatory law point of view). Due to the fact that the sale, by signing the letter of intent and the communication thereof to the working council, is considered to be highly probable, the joint venture was classified as ‘held for sale’. This reclassification did not have an impact on the income statement. The joint venture in IKV was accounted for as part of the segment Other.

Achmea Health Centers

In 2014, Achmea’s health insurance company in the Netherlands announced that it was developing a new policy designed to maintain the health and vitality of its customers and other people in the Netherlands. Under the new policy, Achmea no longer needs to own and operate its own fitness centers.

On 26 June 2014, Achmea signed a letter of intent to sell 19 Achmea Health Centers and issued a press release confirming Achmea’s commitment towards the new policy. As of that date, the related assets, consisting mainly of receivables and related liabilities, mainly consisting of loans, were classified as ‘held for sale’. This reclassification did not have an impact on the income statement.

Both the proposed sale and the closure of the facilities are subject to the recommendation of the Central Works Council, which in this specific matter also consists of members of the works council of Achmea Health Centers.

5. BUSINESS COMBINATIONS

Business combination Achmea - Onderlinge Verzekeringsmaatschappij Rechtshulp CNV u.a. (OVR)

On 7 November 2013, Achmea signed agreements to start a cooperation with Vereniging Christelijk Nationaal Vakverbond in Nederland (CNV) and the affiliated unions to provide legal assistance coverage to the members of the unions. Part of the agreements involved the take over of employees from CNV who worked for “Onderlinge Verzekeringsmaatschappij Rechtshulp (OVR) CNV u.a.”, a Dutch insurer of legal assistance, as per 1 January 2014. Furthermore, parties also agreed that the handling of existing claims dating from before 1 January 2014 will be continued by Achmea under the new coverage in exchange for a cash consideration.

The fair value of the total consideration for OVR consists of a consideration received amounting to €4.2 million. The fair value of the net liabilities acquired amounted to €3.7 million. The goodwill of €-0.5 million, to be accounted for as bargain purchase as defined under EU-IFRS, is recognised in Other income of the segment 'Non-life Netherlands'. The goodwill relates to the higher efficiency Achmea has in servicing these legal assistance insurance contracts since insurance is its core business. The initial accounting for the business combination was completed in the first half of 2014.

The fair value of the net liabilities acquired within this business combination amounted to €3.7 million as at 1 January 2014. Total assets amounted to €0.1 million consisting of receivables, all of which are expected to be collected. Total liabilities acquired amounted to €3.8 million, mainly consisting of Insurance liabilities amounting to €1.5 and Other provisions of €2.2 million, mainly related to restructuring.

OVR's contribution to the consolidated income and Net profit for the financial year 2014 amounted to €2 million and nil million respectively, which have been included in Achmea’s Consolidated Income statement.

6. INTANGIBLE ASSETS

(€ MILLION)

	30 JUNE 2014	31 DECEMBER 2013
Goodwill	769	905
Internally developed software	34	26
Brand name	24	30
Value of business acquired	92	123
Distribution networks	88	103
Other intangible assets	56	57
	1,063	**1,244**

Movements in intangible assets mainly relate to amortisation and impairments on Goodwill as described below.

CASH GENERATING UNIT PENSION SERVICES

In the first half of 2014 the Cash Generating Unit Pension Services faced an impairment loss of the entire recognised amount of both goodwill and other intangible assets (brand name, VOBA and distribution channels) amounting to €71 million and €8 million respectively. The main reasons are the combination of lower fee levels in the real estate market and the loss of revenues because of the departure of one of its major clients within the pension administration business which consequently results in substantially lower revenues in the coming years. The recoverable amount is based on the value in use, which was determined using a discount rate of 7.53% (31 December 2013: 7.95%) and a terminal value growth of 3.00% (31 December 2013: 3.00%). The impairment loss, part of Other expenses, is presented as part of the segment Other.

CASH GENERATING UNIT ORANTA RUSSIA

In Russia, expectations regarding future growth have been adjusted downwards. Within the motor market legal claims continue to further deteriorate loss rates. Court practices lead to higher claims whereby most motor insurance policies have fixed premiums. Moreover, economic prospects of Russia are weakening. The troublesome motor market and uncertain economic prospects have led to significantly lower than expected future long term growth expectations leading to an impairment loss of the entire recognised amount of goodwill of €65 million. The recoverable amount is based on the value in use, which was determined using a discount rate of 11.56% (31 December 2013: 11.48%) and a terminal value growth of 4.62% (31 December 2013: 4.60%). The impairment loss, part of Other expenses, is presented as part of the segment International.

7. INVESTMENT PROPERTY

In the first half year of 2014, the fair value movements related to Investment property amounted to €29 million (first half year 2013: €36 million). These are presented as part of Realised and unrealised gains and losses.

ACHMEA'S INVESTMENT PROPERTY CONSISTS OF:

(€ MILLION)

	30 JUNE 2014	31 DECEMBER 2013
Residential	421	428
Retail	359	368
Offices	306	351
Other	52	53
Balance at 31 December	**1,138**	**1,200**

8. INVESTMENTS

INVESTMENTS CLASSIFIED BY NATURE

(€ MILLION)

	AVAILABLE FOR SALE	AT FAIR VALUE THROUGH PROFIT OR LOSS	LOANS AND RECEIVABLES	30 JUNE 2014
Equities and similar investments	2,395	495		2,890
Bonds	30,387	6,039		36,426
Loans and mortgages	251	2	2,725	2,978
Deposits with reinsurers			867	867
Deposits with credit institutions	788	147		935
Derivatives		2,476		2,476
Other financial investments	255			255
	34,076	**9,159**	**3,592**	**46,827**

(€ MILLION)

	AVAILABLE FOR SALE	AT FAIR VALUE THROUGH PROFIT OR LOSS	LOANS AND RECEIVABLES	31 DECEMBER 2013*
Equities and similar investments	2,081	632		2,713
Bonds	26,832	7,350		34,182
Loans and mortgages	258	14	2,790	3,062
Deposits with reinsurers			849	849
Deposits with credit institutions	926	76		1,002
Derivatives		1,580		1,580
Other financial investments	110	188		298
	30,207	**9,840**	**3,639**	**43,686**

* *Based on an assessment as per 30 June 2014 it was decided that it would be more appropriate to classify some contracts reported as deposits with credit institutions as bonds. Furthermore by classifying these contracts as bonds the current market view on these investments is followed. For comparison reasons, the figures reported as per 31 December 2013 have been adjusted accordingly.*

Equities and similar investments include investments in real estate investment funds amounting to €259 million (31 December 2013: €258 million).

Investments include impairments amounting to €12 million (31 December 2013: €11 million) and are included in Realised and unrealised gains and losses.

BONDS

(€ MILLION)

	30 JUNE 2014	31 DECEMBER 2013
Government and government related or guaranteed bonds	21,700	20,764
Securitised bonds:		
- Asset backed	837	680
- Covered	3,544	3,503
Corporate bonds	10,088	8,998
Convertible bonds	257	237
	36,426	**34,182**

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 2014	31 DECEMBER 2013
Netherlands	11,786	10,727
Germany	3,010	3,321
France	1,607	1,797
European governmental institutions	716	768
Finland	430	387
Ireland	570	568
Belgium	576	482
Austria	577	526
Government guaranteed bonds	1,737	1,752
Other	691	436
	21,700	**20,764**

9. INSURANCE LIABILITIES

(€ MILLION)

	30 JUNE 2014	31 DECEMBER 2013
Non-life insurance		
Unearned premiums	1,689	1,226
Provision for premium deficiency and unexpired risks	64	75
Outstanding claims (including IBNR)	5,400	5,462
Profit sharing and bonuses for policyholders	79	63
Total Non-life insurance	**7,232**	**6,826**
Health insurance		
Unearned premiums	6,365	26
Provision for premium deficiency and unexpired risks	19	37
Outstanding claims (including IBNR)	5,246	5,077
Total Health insurance	**11,630**	**5,140**
Life insurance		
Provision for life policy liabilities	25,983	25,564
Less: Deferred interest surplus rebates	57	29
Net provision for life policy liabilities	25,926	25,535
Profit sharing and bonuses for policyholders	3,875	2,150
Total Life insurance	**29,801**	**27,685**
Total Insurance liabilities	**48,663**	**39,651**

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. As of 1 January 2014, SPA no longer reinsures the benefits with APL.

(€ MILLION)

	30 JUNE 2014	31 DECEMBER 2013
Present value of defined benefit obligation	1,003	5,915
Fair value of total investments backing defined benefit obligation	−970	−5,894
Fair value of non-qualifying investments backing defined benefit obligation	842	772
Unfunded status	**875**	**793**
Effect of asset ceiling		
Net defined benefit liability	**875**	**793**

As part of the collective labour agreement in the Netherlands, Achmea reached agreement with the labour unions relating an adjustment of the pension scheme which is effective as of 1 January 2014. The new pension scheme for the 15,000 employees in the Netherlands is a so-called Collective Defined Contribution (CDC) scheme, which replaces the current defined benefit retirement plans. The financial and actuarial risks are transferred to the employees, implying amongst others that the future increase on vested rights for current employees has become conditional on the funded status within the plan. The obligation of Achmea is limited to pay the agreed premium for the current years of service. The legal and constructive obligations related to this former pension scheme (defined benefit) were settled in 2014 based on the position at 1 January 2014.The result on settlement amounted to €-6 million and is accounted for as part of Operating expenses, pensions. Due to this settlement, the Present value of defined benefit obligation and Fair value of total investments backing defined benefit obligation decreased as compared to 31 December 2013. The remaining part of the Net defined benefit liability as at 30 June 2014 relates to pension schemes executed by APL and for a smaller part by SBZ.

The discount rate used to measure the present value of the defined benefit obligation is determined by reference to market yields on high quality corporate bonds, using the Towers Watson Rate:Link curve as at 30 June 2014. All other 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 2013.

11. OTHER PROVISIONS

Restructuring

In December 2013, Achmea announced that it will accelerate the adjustments to its organisation, in order to further increase customer focus, reduce costs for customers and facilitate investment in its online services. This will result in a gradual reduction in staffing levels of around 4,000 positions over the next three years, of which a major part will be declared redundant.

For some parts of the organisation, detailed and formal restructuring plans were already announced to the parties concerned in the first half year of 2014. In these cases, Achmea recognised a restructuring provision. Other restructuring plans are not yet formalised and/or announced to the parties concerned. As such, the requirements for creating a restructuring provision are not met as 30 June 2014 and no restructuring provision is recognised. The recognition of these future provisions will negatively impact the income statement and total equity.

In 2014, Achmea’s health insurance company in the Netherlands announced that it was developing a new policy designed to maintain the health and vitality of its customers and other people in the Netherlands. Under the new policy, Achmea no longer needs to own and operate its own fitness centers. As part of the new policy, 12 Achmea Health Centers, along with the head office, will be closed. As a result of the new policy provisions were recognised and presented as part of Other provisions.

12. LOANS AND BORROWINGS

Loans and borrowings 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. In February 2014, an amount of €1.5 billion was redeemed. The carrying amount of these residential mortgage loans is €6.9 billion (31 December 2013: €8.2 billion).

In February 2014, Achmea Bank N.V. completed the issuance of €750 million of Senior Unsecured Notes with a coupon of 2.75%. These Notes have a maturity of 7 years (maturity date is 18 February 2021). The Notes are listed on Irish Stock Exchange in Dublin.

In June 2009, Achmea B.V. issued €750 million notes (at 7.375%) under its €2.5 billion programme for the issuance of debt instruments. These notes matured in June 2014 and were redeemed at the time.

13. CONTINGENCIES

TEMPORARY RESOLUTION LEVY ACT

The Temporary Resolution Levy Act introduces a one-off bank levy of in total €1 billion. This act is part of the total financing package of the nationalisation of SNS REAAL on 1 February 2013. The contribution of an individual bank is based on customer deposits that qualify for compensation under the Dutch Deposit Guarantee Scheme per 1 February 2013. The levy was charged on 1 March 2014, 1 May 2014 and 1 July 2014 to companies acting under a Dutch banking licence at that point in time, hence distributing the burden over the first three quarters of 2014. For Achmea Bank, the total levy amounts to €8.4 million, of which €2.8 million are charged in the third quarter.

14. RELATED PARTY TRANSACTIONS

During the first half year of 2014 the nature of related party transactions were equal to the transactions described in the Achmea Consolidated Financial Statements 2013, with the exception of the reinsurance contract entered into by Stichting Pensioenfonds Achmea with Achmea's Dutch life insurance company (refer to Note 10 Post-employment benefits for more details). For more information about the nature of related party transactions, reference is made to Note 30 Related party transactions of the Achmea Consolidated Financial Statements 2013.

15. 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 rises 17% to 220% (31 December 2013: 203%). This increase is the net outcome of a combination of movements in Total equity, lower deductions and lower required capital. The decrease of deductions was caused by lower value of intangibles amounting to €173 million and a €135 million improvement of the liability adequacy test of the Dutch life insurer. The change in required capital was mainly caused by a decrease of Insurance liabilities due to the surrender of the Stichting Pensioenfonds Achmea contract and increased reinsurance within Life business and lower Risk-weighted assets for the Banking activities.

(€ MILLION)

	30 JUNE 2014	31 DECEMBER 2013
Total equity	9,684	9,702
Deductions	−1,125	−1,436
Subordinated loans	527	526
Available capital	**9,086**	**8,792**
Required capital insurance activities	3,799	3,947
Required capital banking activities	340	380
Required capital	**4,139**	**4,327**
Surplus capital	**4,947**	**4,465**
Ratio available/required capital	**220%**	**203%**

16. SUBSEQUENT EVENTS

July 2014

The Board of Achmea has reconsidered its strategy for its central and eastern European operations. In July the Board of Achmea decided to classify the Russian operations as a disposal group.

Notes to the Condensed Consolidated Interim Financial Statements

AUTHORISATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Zeist, 12 August 2014

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

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
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 2014 of Achmea B.V., Zeist, which comprises the Consolidated Statement of Financial Position as at 30 June 2014, 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 these (Condensed) Interim Financial Statements in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on these Interim Financial Statements 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 2014 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Amsterdam, 12 August 2014
PricewaterhouseCoopers Accountants N.V.

G.J. Heuvelink RA