2014
interim report

For the first half year 2014

a.s.r.
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Contents

ASR Nederland N.V. and its group companies are hereinafter referred to as 'a.s.r.' or 'the Group', except when referring to the legal entity ASR Nederland N.V.

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Part 1

Report of the Executive Board

1.1 Financial results for 1H 2014

- Increase in profit for the period to € 161 million (1H 2013: € 110 million; excluding additional WGA-ER expense of € 39 million: € 149 million).
  - Non-Life segment: improvement in combined ratio to 93.7% thanks to better claims prevention and handling, and lower costs.
  - Life segment: stable performance despite contraction in portfolio, thanks to investments and cost reductions.
  - Other segment: continued de-risking at a.s.r. vastgoed ontwikkeling (property development).
- Operating expenses down 3%, reaching € 267 million.
- Gross premiums written down 4% to € 2,250 million (1H 2013: € 2,345 million) due to contraction in life portfolio.
- DNB solvency ratio robust at 284% (year-end 2013: 268%).

a.s.r. key figures (€ million)

	1H 2014	1H 2013
Gross premiums written, Non-Life	1,415	1,410
Gross premiums written, Life	916	1,013
Elimination of own pension contract	-81	-78
Total gross premiums written	**2,250**	**2,345**
Operating expenses, Life and Non-Life	-194	-214
Operating expenses, Other (including eliminations)	-73	-62
Total operating expenses	**-267**	**-276**
Provision for restructuring expenses	-15	-6
Profit for the period, Non-Life	90	6[1]
Profit for the period, Life	164	165
Loss for the period, Other	-93	-61
Profit for the period	**161**	**110[1]**
Cost-premium ratio, insurance business	8.7%	9.9%
Return on equity	12.3%[2]	8.8%

1 Including additional WGA-ER expense of € 39 million.

2 The rise in return on equity is partially attributable to the sharp increase in profit for the period and the drop in IFRS-based equity.

	30 June 2014	31 December 2013
Total equity (including revaluation of real estate)	3,482[1]	3,799
Total equity	2,700	3,015
DNB solvency ratio	284%	268%
Total number of internal FTEs	3,630	3,789

1 The drop in IFRS-based equity is mainly attributable to the dividend distribution to shareholders and the valuation of the company pension liability in accordance with IAS 19.

Profit for the period

Profit for the first half of 2014 rose to € 161 million, up from € 110 million last year. Excluding the additional WGA-ER (Return to work of the partially disabled – own risk) expense of € 39 million in the first half of 2013, profit for the year increased from € 149 million to € 161 million (up 8%). The rise was attributable to a better underwriting result in the Non-Life segment, lower operating expenses and higher investment income.

In the Non-Life segment, profit for the period rose from € 6 million to € 90 million thanks to better claims prevention and handling, lower operating expenses and the additional WGA-ER expense that was incurred in 1H 2013. The combined ratio improved from 104.0% (excluding the additional WGA-ER expense: 99.3%) last year to 93.7% in the first half of 2014. Overall, the combined ratios of a.s.r.'s various non-life businesses were well below 100%.

At € 164 million, profit for the period of the Life segment was more or less stable. Cost savings and higher investment income offset the lower contribution to profit due to portfolio contraction and some incidental underwriting expenses. Thanks to the recovery of the financial markets, the impact of impairment losses on investments is on the decline and impairments were reversed in the first half of 2014.

In the Other segment, the loss for the period declined from € -61 million to € -93 million as a result of preparations for the privatization, a number of provisions and investments in new initiatives. By pursuing a prudent risk management policy, a.s.r. vastgoed ontwikkeling (property development) managed to further scale back its risks exposures.

Operating expenses and FTEs

a.s.r.'s operating expenses saw a 3% drop in the first half of 2014, falling to € 267 million, despite investments in strategic projects and costs relating to preparations for the privatization. The cost reduction was achieved thanks to a continual focus on efficiency, causing, amongst others, a drop in FTEs. The number of internal FTEs fell from 3,812 at 30 June 2013 to 3,630 (down 5%). At year-end 2013, the number of internal FTEs was 3,789.

As for the renovation of the a.s.r. head office, the completion of the first new wing marked a milestone. The completion of the entire building is scheduled for the end of 2015. In addition to a reduction in the number of locations, lower operating expenses and a more energy-efficient building will lead to a cost reduction.

Gross premiums written

a.s.r.'s gross premiums written were down 4% compared to 1H 2013, dropping to € 2,250 million at 30 June 2014.

In the Non-Life segment, gross premiums written rose 0.4%, from € 1,410 million to € 1,415 million, thanks in particular to occupational disability insurance and health insurance policies. The portfolio of other non-life policies (including Motor Vehicle and Fire insurance) showed a slight contraction.

In the Life segment, gross premiums written decreased from € 1,013 million last year to € 916 million. The Pensions business experienced a continued delay related to the indexation on existing pension contracts. The Individual Life market is contracting.

DNB solvency and equity

The DNB solvency ratio continues to be robust, rising from 268% at year-end 2013 to 284% at 30 June 2014 thanks, in part, to interest rate developments.

IFRS-based equity decreased from € 3,015 million at year-end 2013 to € 2,700 million at 30 June 2014. Regular movements include the addition of profit for the period of € 161 million and the distribution of the dividend declared for 2013 amounting to € 99 million. Equity was also affected by the increase in a.s.r.'s IAS 19 pension liability as a result of the decline in discount rate in the first half of 2014. Including the unrealized revaluation of investment property of € 782 million (2013: € 784 million), total equity stood at € 3,482 million.

At € 515 million, the share of hybrid Tier 1 capital in total IFRS-based equity of a.s.r. was stable in the first half of 2014.

1.1.1 Non-Life segment

- Increase in profit for the period to € 90 million (1H 2013: € 6 million) thanks to better claims prevention and handling, lower costs and no additional WGA-ER expense.
- Operating expenses declined by 10% to € 105 million (1H 2013: € 117 million).
- Gross premiums written at € 1,415 million (1H 2013: € 1,410 million).
- Combined ratio improved to 93.7% (1H 2013: 104.0%). Overall, the combined ratios of a.s.r.'s various non-life businesses were well below 100%.

Key figures of Non-Life segment (€ million)

	1H 2014	1H 2013
Gross premiums written	1,415	1,410
Operating expenses	-105	-117
Provision for restructuring expenses	-8	-3
Profit before taxes	118	5
Income tax expense	-28	1
Profit for the period	90	6[1]
Claims ratio	69.8%	78.0%[1]
Commission ratio	15.0%	15.6%
Expense ratio	8.9%	10.3%
Combined ratio, Non-Life	93.7%	104.0%[1]

1 Including the additional WGA-ER expense of € 39 million. The combined ratio for 1H 2013 was 99.3% if this additional WGA-ER expense is excluded.

Profit for the period

In the Non-Life segment, profit for the period rose from € 6 million to € 90 million thanks to a major improvement in underwriting result, lower operating expenses and the additional WGA-ER (Return to work of the partially disabled – own risk) expense in 1H 2013.

Operating expenses

Operating expenses showed a € 12 million decline in 1H 2014, falling to € 105 million. The expense ratio improved by 1.4%-point, from 10.3% to 8.9%. The fall in operating expenses was partly attributable to a reduction in the number of internal FTEs.

Gross premiums written

In a saturated Dutch non-life market, gross premiums written saw a slight increase from € 1,410 million to € 1,415 million. The market leadership in occupational disability insurance was strengthened. Premium income was up in the Health Insurance business as well, thanks primarily to Ditzo Zorgverzekeringen.

Despite a tentative economic recovery, the market for occupational disability insurance continues to contract due to a high number of policy cancellations as a result of business terminations. The number of cancellations in the WGA-ER portfolio increased due to the introduction of an improved premium model that makes better allowances for specific risks.

Health insurance policies are increasingly being taken out online. Customers mainly opt for relatively cheap policies and a high deductible. Coverage is more limited for supplementary health insurance, resulting in lower premiums per policy. Ditzo managed to achieve growth in the health insurance market for the third consecutive year. Rather than going for TV and radio ads, it opted for a campaign with a focus on 'helping by taking action'.

The Motor Vehicle, Fire and Other insurance portfolio showed signs of slight contraction. This was partly due to market developments, but also caused by measures taken to improve returns, including stricter risk selection. Sales volumes were up thanks to the success of the updated Voordeel Pakket (package of non-life insurance policies) that was introduced last year. In the Travel & Leisure market, Europeesche Verzekeringen's premium income was virtually stable, although Dutch people again went on fewer vacations in the first half of 2014 than the same period last year.

Combined ratio

The combined ratio in the Non-Life segment improved from 104.0% (excluding the additional WGA-ER expense in 2013: 99.3%) to 93.7%. Overall, the combined ratios of a.s.r.'s various non-life businesses were well below 100%. These ratios improved in all non-life businesses in 1H, with the exception of the Health Insurance business. The improvements were attributable, among other factors, to better claims prevention and handling, and lower operating expenses.

The combined ratio in the Occupational Disability business improved from 114.3% (excluding the additional WGA-ER expense in 2013: 98.1%) to 94.0%. This improvement is primarily the result of a tightened claims policy. In the WGA-ER business, for instance, stricter acceptance criteria were introduced for new policies, the control over the claims handling process was improved on and a new premium model was implemented that makes more allowance for the customer's risk profile than before.

In the Health Insurance business, the combined ratio rose slightly to 98.8% (up 0.6%-point from 1H 2013). The total health insurance portfolio also increased in 1H 2014. This growth allows a.s.r. to save on care sourcing and sell health insurance policies in combination with other insurance products, such as occupational disability policies. As in previous years, the Health Insurance business did not distribute a dividend to ASR Nederland N.V.

The combined ratio in the Motor Vehicle, Fire and Other Insurance business improved from 100.7% in 1H 2013 to 90.0% in 1H 2014. The sharp decrease is the result of measures taken to boost returns, excellent intermediary advisory services and the reassessment of risks. The mild winter also led to fewer claims. The cost of claims was down also because of fewer major fire claims thanks, in part, to active management and prevention.

1.1.2 Life segment

- Profit for the period more or less stable at € 164 million (1H 2013: € 165 million).
- Operating expenses down 8% to € 89 million (1H 2013: € 97 million).
- Gross premiums written decreased by 10% to € 916 million.
- Increase in new life insurance contracts sold (APE) to € 28 million (1H 2013: € 19 million).

Key figures of Life segment (€ million)

	1H 2014	1H 2013
Regular premiums written	785	868
Single premiums	131	145
Gross insurance premiums	916	1,013
Operating expenses	-89	-97
Provision for restructuring expenses	-5	-2
Profit before taxes	211	207
Income tax expense	-47	-42
Profit for the period	164	165
Cost-premium ratio	8.6%	9.3%
New life insurance contracts sold (APE)	28	19

Profit for the period
Profit for the period was more or less stable at € 164 million (1H 2013: € 165 million) in the Life segment. The drop in underwriting result due, in part, to the contracting portfolio was offset by higher investment income and cost reductions.

Operating expenses
Operating expenses declined again in the first half of 2014; they were down € 8 million (8%), landing at € 89 million. This ties in with the strategy to link costs to developments in premium income so as to retain as much value as possible in the long run. The drop was driven by such factors as a decrease in FTEs and a reduction in marketing expenses in this segment. The cost-premium ratio improved despite the drop in premium income by 0.7%-point to 8.6% (1H 2013: 9.3%).

Gross premiums written
In the Life segment, premium income fell from € 1,013 million to € 916 million (down 10%). This drop was suffered in both the Pension portfolio and the Individual Life portfolio.

In the Pension business, premium income from regular and single premiums declined to € 434 million. Amongst others, this is due to the continued delay in indexation and also attributable to tax rules, under which the tax-facilitated pension accrual for 2014 was capped at 2.15% upon retirement at age 67. More new life insurance contracts were sold thanks, in part, to an active retention policy. A large share of customers whose pension contracts with a.s.r. expired, renewed their contracts.

Late last year, a.s.r. introduced the Werknemers Pensioen (Employee Pension) under the De Amersfoortse label. More than 100 employers have already purchased the Werknemers Pensioen. The main features of this product are that it offers simplicity at low costs and can be fully arranged online; employees have a choice of a guaranteed return or risk-based investments. By introducing the Werknemers Pensioen, a.s.r. took the first steps towards becoming a key player in the market for defined contribution plans.
An Institution for Occupational Retirement Provision (IORP), a joint venture between a.s.r. and Brand New Day, is growing with over 800 employers having taken out contracts (year-end 2013: more than 500).

Reflecting developments in the market, a.s.r. is also seeing contraction in its Individual Life portfolio. The drop in regular premiums written is due to regular surrenders and a fall in demand for life insurance products. The surrender rate of unit-linked policies dropped after the peak in 2012; it has now returned to the same level as before 2011. Income from single premiums saw a limited increase in individual immediate annuities, which was attributable in particular to a successful pilot for online sales, allowing customers to purchase a product directly, without having to seek advice.

Ardanta managed to grow its market share to 17.9% in a funeral insurance market that contracted by 13% in the Netherlands in the first half of 2014. This is the fifth consecutive year that this market is showing a decline.
Ardanta achieved its growth by changing the distribution mix, focusing more on direct sales with advice via the telephone and the launch of the doodgaanendoorgaan.nl website. This website, which offers practical information on funeral arrangements, has welcomed over 150,000 visitors since it was launched late last year. One-third of all policies are now being sold through direct channels.
At € 58 million, gross premiums written from the Funeral Insurance business were more or less stable at a normal decrease in the number of insured persons.

1.1.3 Other segment

- Loss for the period at € -93 million, compared with € -61 million for 1H 2013, due to increase in operating expenses and provisions.
- Increase in operating expenses to € 73 million (1H 2013: € 62 million).
- Growth in a.s.r. Bank's Lijfrente spaarrekening (annuity savings account) thanks to an active focus on retention from the Life segment.
- Further scaling-down of property developments at a.s.r. vastgoed ontwikkeling via prudent risk management.

The Other segment comprises all non-insurance business, i.e. the banking operations (a.s.r. Bank and a.s.r. Hypotheken (mortgages)), SOS International (emergency desk), a.s.r. vastgoed ontwikkeling (property development) and the holding companies. In addition, the Other segment is used to recognize certain holding-related expenses.

Key figures of Other segment, including eliminations (€ million)

	1H 2014	1H 2013
Operating expenses	-73	-62
Provision for restructuring expenses	-2	-1
Loss before taxes	-128	-85
Income tax expense	34	25
Loss for the period	-94	-60
Profit/(loss) attributable to non-controlling interests	1	-1
Loss for the period	-93	-61

Loss for the period

The loss for the period in the Other segment increased from € -61 million to € -93 million due to higher provisions and an increase in operating expenses.

Operating expenses

Operating expenses rose from € -62 million to € -73 million in 1H 2014. The increase was due, in particular, to exceptional expenses associated with preparing for a.s.r.'s privatization and investments in new initiatives. Expenses incurred by a.s.r. Bank, a.s.r. Hypotheken (mortgages) and a.s.r. vastgoed ontwikkeling (property development) were more or less stable.

Developments in 1H 2014

In a.s.r. Bank's range of products, its savings deposits saw growth. The portfolio grew by 15%, reaching € 1,030 million (year-end 2013: € 897 million), which was attributable, in part, to deposits in the Lijfrente spaarrekening (annuity savings account) thanks to a.s.r. Bank's focus on retention of individual life insurance policies. The Lijfrente spaarrekening, which is offered in a fully online, 24/7 environment, helped a.s.r. Bank to improve its position in the annuity market. a.s.r. Bank kept its margins stable thanks to higher volumes.

a.s.r. sold in the first half of 2014 mortgages for an amount of € 553 million (1H 2013: € 766 million). The fall was due, in part, to changes in tax legislation governing savings-linked mortgages, causing sales volumes to drop in 1H 2014. The market share of new mortgage products sold declined to 2.4% (year-end 2013: 4.0%).

The de-risking policy implemented at a.s.r. vastgoed ontwikkeling (property development) was continued in 1H 2014, leading to various property developments being further scaled down, built in stages or adjusted. After the decrease in total assets by about 25% to € 201 million in 2013, total assets continued to decrease in the first half of 2014 to € 173 million as a result. In addition to the de-risking strategy of a.s.r. vastgoed ontwikkeling, a.s.r. formed a provision of € 25 million on balance for changes in the property development outlook.

Emergency desk SOS International, an a.s.r. subsidiary, took a new step in offering road-side assistance to motorists thanks to its recent appointment as the national helpdesk for motorway incidents. This appointment by Stichting Incident Management Nederland (IMN), will take effect in April 2015.

1.2 Risk management

1.2.1 Market risk

Interest rates fell sharply in the first half of 2014. The swap curve is 50 to 70 basis points lower than at year-end 2013. The financial markets were relatively stable over the past six months. Credit spreads saw a slight drop. Equity prices and the valuation of the property portfolio did not change much the past half year.

The DNB solvency ratio stood at 284% at 30 June 2014 (year-end 2013: 268%). About 15%-point of the increase in the solvency ratio was attributable to the drop in interest rates, which resulted in an increase on both available and required solvency. The solvency ratio however, increased. The effect of the dividend distribution of € 99 million was offset by a growth in profit for the period and a limited positive effect as a result of credit spreads and equity prices.

The sensitivity of solvency to market risk increased slightly compared to year-end 2013. After diversification, the impact of the aggregated stress was -65%. The solvency ratio after stress stood at 219%.

Sensitivity of DNB solvency ratio to market risks

Type of risk	Scenario	30 June 2014	31 December 2013
Equity	-20%	-21%	-21%
Interest rate	+1	-23%	-20%
Spread	0.75%	-22%	-23%
Property	-10%	-13%	-13%
Total (undiversified)		**-79%**	**-77%**
Diversification		13%	13%
Total [1]		**-65%**	**-64%**

1 Rounding differences appear.

Interest rate risk

a.s.r. has reduced its interest rate risk over the past few years. By restructuring the derivatives portfolio, a.s.r. further improved its interest rate risk profile in 2014 in accordance with the defined investment policy. Exposures in the different maturities of fixed-income securities were improved, thereby reducing the sensitivity to non-parallel changes in interest rates. This did not, however, change the sensitivity of solvency to parallel changes in interest rates.

Spread risk

Although the sensitivity of solvency to changes in spread changed to a limited extent, there were a number of changes in the portfolio of fixed-income securities. The market value of fixed-income securities rose from € 18.3 billion to € 19.3 billion, the main reason being the fall in interest rates. The drop in credit spreads also had a positive effect. The portfolio's rating spread was stable.

Fixed-income securities (€ million)	30 June 2014	31 December 2013
Sovereign (government bonds)	10,391	9,638
Financial institutions	4,675	4,608
Corporates	3,672	3,434
Structured instruments	608	600
Total	19,346	18,280

Because of their longer duration, government bonds increased most in value. In the sovereign portfolio, Dutch government bonds were sold; among the government bonds purchased were those issued by France and peripheral countries. Other changes in the portfolio were mainly caused by developments in interest rates.

Government bonds (€ million)	30 June 2014	31 December 2013
The Netherlands	3,694	4,154
Germany	3,179	2,955
Belgium	711	657
Austria	601	554
France	569	224
Periphery	563	36
Supranationals	429	367
Other	645	691
Total	10,391	9,638

The portfolio of bonds issued by financial institutions is spread well across countries, counterparties and levels of subordination. The fall in interest rates had a positive effect on value, increasing the volume of the portfolio. This increase was partially cancelled out by sales in accordance with the defined investment policy.

Financial institutions (€ million)	30 June 2014	31 December 2013
Senior	1,485	1,548
Tier 2	1,382	1,211
Tier 1	710	911
Covered	937	810
Other	161	128
Total	4,675	4,608

1.2.2 Underwriting risk

Underwriting risk is the risk that premium and/or investment income will not be enough to cover expected future payment obligations. Underwriting risk may occur when costs, claims and/or payouts deviate from the assumptions and principles that were applied in developing and pricing products.

a.s.r. has consciously chosen to be a highly diversified insurance company with different types of underwriting risk in the portfolio. a.s.r. manages underwriting risk by focusing on acceptance policy, pricing, a prudent provisioning policy and adequate reinsurance contracts.

a.s.r.'s combined ratio for 1H 2014 was 93.7% compared to 104.0% in 1H 2013. The insurance underwriting measures that were taken with regards to risk selection at inception, claims handling and claims management, are bearing fruit.

1.3 Executive Board Responsibility Statement

The Executive Board declares that, to the best of its knowledge:

1. the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and earnings of ASR Nederland N.V. and its consolidated entities; and
2. the interim report of the Executive Board gives a true and fair view of the situation at the reporting date and of developments during the first six months of the year and their effects on the interim financial statements of ASR Nederland N.V. and its consolidated entities, and provides a description of the principal risks and uncertainties in the remaining six months of the year.

Utrecht, the Netherlands, 18 August 2014

Executive Board
Jos Baeten
Karin Bergstein
Chris Figee
Michel Verwoest

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Part 2

Condensed consolidated interim financial statements of ASR Nederland N.V.

For the six months ended 30 June 2014

Unless stated otherwise, all amounts presented in these financial statements are in millions of euros.

2.1.1 Consolidated interim balance sheet

(before profit appropriation)

	30 June 2014	31 December 2013 restated
Intangible assets	244	253
Deferred acquisition costs	251	241
Property, plant and equipment	123	97
Investment property	1,669	1,717
Associates and joint ventures	44	42
Investments	20,802	19,688
Investments on behalf of policyholders	8,131	8,049
Loans and receivables	8,838	8,489
Derivatives	1,812	1,054
Deferred tax assets	367	228
Reinsurance contracts	421	407
Other assets	657	659
Cash and cash equivalents	2,188	1,521
Total assets	**45,547**	**42,445**
Share capital	100	100
Share premium reserve	962	962
Unrealized gains and losses	668	581
Actuarial gains and losses	-569	-107
Other reserves	882	701
Profit for the period	161	281
Total equity attributable to shareholders	**2,204**	**2,518**
Other equity instruments	515	515
Equity attributable to holders of equity instruments	**2,719**	**3,033**
Non-controlling interests	-19	-18
Total equity	**2,700**	**3,015**
Liabilities arising from insurance contracts	26,012	23,928
Liabilities arising from insurance contracts on behalf of policyholders	9,393	8,992
Employee benefits	3,068	2,426
Provisions	71	36
Borrowings	93	98
Derivatives	244	535
Due to customers	1,586	1,366
Due to banks	1,518	677
Other liabilities	862	1,372
Total liabilities	**42,847**	**39,430**
Total liabilities and equity	**45,547**	**42,445**

As of 1 January 2014, new IFRS standards have become effective. The most significant changes result in reclassifications in the balance sheet, due to changes in the definition of control of investees and the introduction of joint operations. Investment funds held primarily on behalf of policyholders are being fully consolidated, as a.s.r. is deemed to have control over these investment funds. A limited number of joint arrangements have been defined as joint operations. Due to the retrospective treatment, the comparative figures for 2013 have been restated accordingly (see chapter 2.3.2 for a more detailed description of the changes).

2.1.2 Consolidated interim income statement

	1H 2014	1H 2013
Gross premiums written	2,250	2,345
Change in provision for unearned premiums	-198	-230
Gross insurance premiums	**2,052**	**2,115**
Reinsurance premiums	-69	-79
Net insurance premiums	**1,983**	**2,036**
Investment income	723	761
Realized gains and losses	259	282
Fair value gains and losses	71	179
Result on investments on behalf of policyholders	432	212
Fee and commission income	17	30
Other income	72	60
Share of profit/(loss) of associates and joint ventures	-3	1
Total income	**1,571**	**1,525**
Insurance claims and benefits	-2,599	-2,610
Insurance claims and benefits recovered from reinsurers	55	50
Net insurance claims and benefits	**-2,544**	**-2,560**
Operating expenses	-267	-276
Restructuring provision expenses	-15	-6
Acquisition costs	-212	-228
Impairments	9	-58
Interest expense	-198	-205
Other expenses	-126	-101
Total expenses	**-809**	**-874**
Profit before tax	**201**	**127**
Income tax expense	-41	-16
Profit for the period	**160**	**111**
Attributable to:		
- Shareholders	160	109
- Holders of other equity instruments	1	1
- Tax on interest of other equity instruments	-	-
Profit attributable to holders of equity instruments	**161**	**110**
Attributable to non-controlling interests	-1	1
Profit for the period	**160**	**111**

2.1.3 Consolidated interim statement of comprehensive income

	1H 2014	1H 2013
Profit for the period	**160**	**111**
Remeasurements of post-employment benefit obligation	-616	-2
Income tax on items that will not be reclassified	154	1
Total items that will not be reclassified to profit or loss	**-462**	**-1**
Unrealized change in value of available-for-sale financial assets	770	-568
Shadow accounting	-632	465
Segregated investment pools	-26	-
Unrealized change in value of cash flow hedges	1	2
Tax relating to components of other comprehensive income	-26	24
Total items that may be reclassified subsequently to profit and loss	**87**	**-77**
Total other comprehensive income for the period, after tax	**-375**	**-78**
Total comprehensive income	**-215**	**33**
Attributable to:		
- Shareholders	-215	31
- Holders of other equity instruments	1	1
Total comprehensive income attributable to holders of equity instruments	**-214**	**32**
Attributable to non-controlling interests	-1	1
Total comprehensive income	**-215**	**33**

Shadow accounting allows a recognized but unrealized gain or loss on an asset to be transferred to insurance liabilities. Further information related to shadow accounting is disclosed in the 2013 a.s.r. Consolidated Financial Statements in Note 2.25 'Liabilities arising from insurance contracts'.

2.1.4 Consolidated interim statement of changes in equity

	Share capital	Share premium reserve	Unrealized gains and losses	Actuarial gains and losses	Other reserves	Profit for the period	Equity attributable to shareholders	Other equity instruments	Non controlling interest	Total equity
At 1 January 2014	100	962	583	-107	699	281	2,518	515	-18	3,015
Change in accounting policy	-	-	-2	-	2	-	-	-	-	-
Restated opening balance 2014	**100**	**962**	**581**	**-107**	**701**	**281**	**2,518**	**515**	**-18**	**3,015**
Profit for the period	-	-	-	-	-	161	161	-	-1	160
Total other comprehensive income	-	-	87	-462	-	-	-375	-	-	-375
Total comprehensive income	**-**	**-**	**87**	**-462**	**-**	**161**	**-214**	**-**	**-1**	**-215**
Dividend paid	-	-	-	-	-	-99	-99	-	-	-99
Profit carried over from previous financial year	-	-	-	-	182	-182	-	-	-	-
Discretionary interest on other equity instrument	-	-	-	-	-1	-	-1	-	-	-1
At 30 June 2014	**100**	**962**	**668**	**-569**	**882**	**161**	**2,204**	**515**	**-19**	**2,700**
At 1 January 2013	100	962	503	-224	504	316	2,161	515	-13	2,663
Change in accounting policy	-	-	-2	-	2	-	-	-	-	-
Restated opening balance 2013	**100**	**962**	**501**	**-224**	**506**	**316**	**2,161**	**515**	**-13**	**2,663**
Profit for the period	-	-	-	-	-	110	110	-	1	111
Total other comprehensive income	-	-	-77	-1	-	-	-78	-	-	-78
Total comprehensive income	**-**	**-**	**-77**	**-1**	**-**	**110**	**32**	**-**	**1**	**33**
Dividend paid	-	-	-	-	-	-88	-88	-	-	-88
Profit carried over from previous financial year	-	-	-	-	228	-228	-	-	-	-
Discretionary interest on other equity instrument	-	-	-	-	-1	-	-1	-	-	-1
At 30 June 2013	**100**	**962**	**424**	**-225**	**733**	**110**	**2,104**	**515**	**-12**	**2,607**

Accounting policies changed as a result of the new IFRS standards (see chapter 2.3.2).
The actuarial gains and losses recognized for the post employment benefit obligations amounts to € 462 million after tax (€ 616 million before tax) and is included in total equity at 30 June 2014 (see chapter 2.7).
Other reserves amounting to € 882 million (30 June 2013: € 733 million) consists primarily of retained earnings.

2.1.5 Abridged consolidated interim statement of cash flows

	1H 2014	1H 2013
Cash and cash equivalents as at 1 January	**1,521**	**2,556**
Cash flows from operating activities	819	-797
Cash flows from investing activities	-49	-25
Cash flows from financing activities	-103	-104
Cash and cash equivalents as at 30 June	**2,188**	**1,630**

The operational cash flows in 1H 2014 are mainly due to received collateral on derivative instruments and securities lending.

Included in the cash and cash equivalents as at 30 June 2014, is € 1,518 million (31 December 2013: € 677 million and 30 June 2013 € 1,088 million) related to the cash collateral received on derivative instruments and securities lending and € 2 million (31 December 2013: € 168 million and 30 June 2013 € 94 million) related to cash collateral given. The debt to repay the cash collateral is included in the amount due to banks.

2.2 General information

a.s.r. is a leading insurance company in the Netherlands. In 2014, a.s.r. sells insurance products under the following labels: a.s.r., De Amersfoortse, Ditzo, Ardanta and Europeesche Verzekeringen. a.s.r. has a total of 3,630 internal FTEs (31 December 2013: 3,789 internal FTE).

ASR Nederland N.V., is a public limited company under Dutch law having its registered office located at Archimedeslaan 10, 3584 BA in Utrecht, the Netherlands.

The condensed consolidated interim financial statements are presented in euros (€), being the functional currency of a.s.r. and all its group entities. All amounts quoted in the tables contained in these interim financial statements are in millions of euros, unless otherwise indicated.

The interim financial statements were approved by the Supervisory Board on 18 August 2014.
The interim financial statements have not been audited, nor has the independent auditor conducted a limited review.

2.3 Accounting policies

2.3.1 General

The interim financial statements of a.s.r. for the six months ended 30 June 2014 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as adopted for use within the European Union (EU). They do not contain all of the information required for complete financial statements and must therefore be read in conjunction with the 2013 consolidated financial statements of a.s.r.

Except for the change in accounting policy as a result of the IFRS 10 consolidated financial statements and IFRS 11 joint arrangements (described in chapters 2.3.2 and 2.3.4), a.s.r. has prepared its interim financial statements in accordance with the same principles for financial reporting, presentation and calculation methods used for the 2013 consolidated financial statements. These are prepared in accordance with International Financial Reporting Standards (IFRS) – including the International Accounting Standards (IAS) and Interpretations – as adopted for use within the European Union (EU).

2.3.2 Change in accounting policy as of 1 January 2014

The following changes in the EU-endorsed IFRS standards and IFRIC interpretations are effective from 1 January 2014. These changes have no material effect on the total equity attributable to shareholders or profit for the year of a.s.r.:

- IFRS 10 Consolidated financial statements: New consolidation standard that establishes principles for the preparation and presentation of consolidated financial statements when a reporting entity controls one or more investees. The most significant change results from the change in the definition of control. Hereby a number of investment funds held primary on behalf of policyholders which are administered by a.s.r. are fully consolidated since a.s.r. is deemed to have control over these investment funds.
- IFRS 11 Joint arrangements: This standard describes the accounting for joint arrangements and the classification into two types – joint operations and joint ventures. The most significant change is due to the introduction of the definition of a joint operation. A limited number of joint arrangements are reclassified from joint ventures to joint operations. For the joint operations a.s.r.'s share in the assets, liabilities, revenues and expenses are recognized in accordance with the IFRS applicable to the particular assets, liabilities, revenues and expenses.
- IFRS 12 Disclosure of interests in other entities: Improvements to the disclosure of a reporting entity's interests in other entities. The standard sets out disclosure requirements for reporting entities that have an interest in a subsidiary, joint venture, associate or unconsolidated structured entity.
- IAS 27 Separate financial statements and IAS 28 Investments in associates and joint ventures: Amendments as a result of changes to IFRS 10, 11 and 12 as mentioned above.
- IFRIC 21 Levies: 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.

Due to the retrospective treatment the comparative figures in the balance sheet as at 31 December 2013 have been restated accordingly. The detailed impacts of the changes to the balance sheet as at 31 December 2013 are as follows:

As at 31 December 2013	As reported	Accounting policy changes	Restated
Investment property	1,617	100	1,717
Associates and joint ventures	190	-148	42
Investments	19,655	33	19,688
Loans and receivables	8,484	5	8,489
Other assets	639	20	659
Cash and cash equivalents	1,517	4	1,521
Total assets	**42,431**	**14**	**42,445**
Total equity	**3,015**	**-**	**3,015**
Provisions	38	-2	36
Borrowings	88	10	98
Other liabilities	1,366	6	1,372
Total liabilities	**39,416**	**14**	**39,430**
Total liabilities and equity	**42,431**	**14**	**42,445**

Only the line-items that have been affected by the changes in accounting policy are presented in the above table. For this reason numbers in this table may not add up.

These changes have also been recognized in the relevant notes to the condensed consolidated interim financial statements. The consolidation of investment funds held primary on behalf of policyholders which are administered by a.s.r., has also resulted in the following changes:

- The fair value model is used for the investment property backing insurance liabilities that pay a return linked directly to the fair value of, or returns from, the investment property where the investment property is partly held as investments on behalf of policyholders. The investment property fair value model follows the accounting principles for the investments on behalf of policyholders.
- The presentation of the breakdown of the investments and investments on behalf of policyholders has therefore also been restated.

The implementation of IFRS 10 and IFRS 11 has no material impact on the total equity as at 31 December 2013, and total comprehensive income and profit for the period ended 30 June 2013. Limited restatements have been made within the presentation and the breakdown of total equity, the income statement and the statement of comprehensive income. Within total equity, € 2 million is reclassified between unrealized gains and losses and other reserves as a result of the reclassification of investments.

2.3.3 Estimates and assumptions

The preparation of the financial statements requires a.s.r. to make estimates and assumptions that have an effect on the reported amounts in the financial statements.

Critical accounting estimates and assumptions relate to:
- The recoverable amount of impaired assets;
- The fair value of unlisted financial instruments;
- The estimated useful life and residual value of property, plant and equipment, investment property, and intangible assets;
- The measurement of capitalized deferred acquisition costs;
- The measurement of liabilities arising from insurance contracts;
- Actuarial assumptions used for measuring employee benefit obligations;
- When forming provisions, the required estimate of existing obligations arising from past events.

The estimates and assumptions are based on management's best knowledge of current facts, actions and events. The actual outcomes may ultimately differ from the results reported earlier on the basis of estimates and assumptions.

2.3.4 Basis for consolidation - subsidiaries

The consolidated financial statements include the financial statements of ASR Nederland N.V. and its subsidiaries. Subsidiaries are those entities over which a.s.r. has control. Control exists when a.s.r. is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. This is the case if more than half of the voting rights may be exercised or if a.s.r. has control in any other manner. Subsidiaries are fully consolidated from the date on which control is acquired by a.s.r. Subsidiaries are deconsolidated when control ceases to exist.

A subsidiary's assets, liabilities and contingent liabilities are measured at fair value on the acquisition date and are subsequently accounted for in accordance with a.s.r.'s accounting policies, which are consistent with IFRS.

Non-controlling interests are initially stated at their proportionate share in the fair value of the net assets on the acquisition date and are subsequently adjusted for the non-controlling interest in changes in the subsidiary's equity.

2.4 Segment information

2.4.1 General

The group distinguishes between the Non-Life, Life and Other segments. The Non-Life segment is comprised of non-life insurance entities and their subsidiaries. These non-life insurance entities offer non-life insurance contracts. Insurance entities are entities that accept the transfer of insurance risks from policyholders.
The Life segment comprises all life insurance entities and their subsidiaries. These life insurance entities offer financial products such as life insurance contracts and life insurance contracts on behalf of policyholders. The Non-Life and Life segments have different levels of profitability and growth opportunities, as well as a different outlook and risk profile.

The segment 'Other' includes among others, the following entities:
- ASR Nederland N.V. (including the group related activities; amongst others the post-employment benefit plans) and other holding companies;
- ASR Bank N.V.;
- ASR Deelnemingen N.V.;
- ASR Hypotheken B.V.;
- ASR Nederland Beleggingsbeheer N.V.;
- ASR Vastgoed Ontwikkeling N.V.;
- ASR Vastgoedvermogensbeheer B.V.;
- B.V. Nederlandse Hulpverleningsorganisatie-SOS International.

Eliminations applied in the reconciliation of the segment information with the consolidated balance sheet and the consolidated income statement are separately presented in chapters 2.4.2 and 2.4.3.

The a.s.r. segment reports show the financial performance of each segment. The purpose of these reports is to allocate all items in the balance sheet and income statement to the segments that hold full management responsibility for them.

Segment information has been prepared in accordance with the accounting principles used for the preparation of the consolidated financial statements of a.s.r.

Intersegment transactions are conducted at arm's length conditions. In general, costs related to centralized services are allocated to the segments based on the utilization of these services.

The operating profits of the segments are assessed on the basis of the segments' income statements.

2.4.2 Segmented balance sheet

As at 30 June 2014	Non-Life	Life	Other	Eliminations	Total
Intangible assets	1	236	7	-	244
Deferred acquisition costs	90	161	-	-	251
Property, plant and equipment	1	112	10	-	123
Investment property	234	1,415	20	-	1,669
Associates and joint ventures	-	4	40	-	44
Investments	4,543	15,941	2,471	-2,153	20,802
Investments on behalf of policyholders	-	8,131	-	-	8,131
Loans and receivables	289	7,683	1,028	-162	8,838
Derivatives	1	1,811	-	-	1,812
Deferred tax assets	-	-	367	-	367
Reinsurance contracts	421	-	-	-	421
Other assets	51	570	39	-3	657
Cash and cash equivalents	209	1,762	192	25	2,188
Total assets	**5,840**	**37,826**	**4,174**	**-2,293**	**45,547**
Equity attributable to holders of equity instruments	999	2,510	-782	-8	2,719
Non-controlling interests	-	-	-19	-	-19
Total equity	**999**	**2,510**	**-801**	**-8**	**2,700**
Subordinated debt	15	30	-	-45	-
Liabilities arising from insurance contracts	4,596	23,509	-	-2,093	26,012
Liabilities arising from insurance contracts on behalf of policyholders	-	9,393	-	-	9,393
Employee benefits	-	-	3,068	-	3,068
Provisions	1	13	57	-	71
Borrowings	5	72	86	-70	93
Derivatives	-	243	1	-	244
Deferred tax liabilities	56	-273	217	-	-
Due to customers	42	417	1,196	-69	1,586
Due to banks	-	1,518	-	-	1,518
Other liabilities	126	394	350	-8	862
Total liabilities	**4,841**	**35,316**	**4,975**	**-2,285**	**42,847**
Total liabilities and equity	**5,840**	**37,826**	**4,174**	**-2,293**	**45,547**

2.4.2 Segmented balance sheet (continued)

As at 31 December 2013 (restated)	Non-Life	Life	Other	Eliminations	Total
Intangible assets	1	246	6	-	253
Deferred acquisition costs	65	176	-	-	241
Property, plant and equipment	1	84	12	-	97
Investment property	235	1,466	16	-	1,717
Associates and joint ventures	-	3	39	-	42
Investments	4,154	15,245	2,320	-2,031	19,688
Investments on behalf of policyholders	-	8,049	-	-	8,049
Loans and receivables	431	7,253	970	-165	8,489
Derivatives	4	1,050	-	-	1,054
Deferred tax assets	-	-	228	-	228
Reinsurance contracts	407	-	-	-	407
Other assets	-5	503	161	-	659
Cash and cash equivalents	289	997	210	25	1,521
Total assets	**5,582**	**35,072**	**3,962**	**-2,171**	**42,445**
Equity attributable to holders of equity instruments	898	2,632	-497	-	3,033
Non-controlling interests	-	-	-18	-	-18
Total equity	**898**	**2,632**	**-515**	**-**	**3,015**
Subordinated debt	15	30	-	-45	-
Liabilities arising from insurance contracts	4,240	21,677	-	-1,989	23,928
Liabilities arising from insurance contracts on behalf of policyholders	-	8,992	-	-	8,992
Employee benefits	-	-	2,426	-	2,426
Provisions	1	7	28	-	36
Borrowings	5	76	94	-77	98
Derivatives	-	533	2	-	535
Deferred tax liabilities	52	-250	198	-	-
Due to customers	30	319	1,057	-40	1,366
Due to banks	2	675	-	-	677
Other liabilities	339	381	672	-20	1,372
Total liabilities	**4,684**	**32,440**	**4,477**	**-2,171**	**39,430**
Total liabilities and equity	**5,582**	**35,072**	**3,962**	**-2,171**	**42,445**

2.4.3 Segmented income statement

1H 2014	Non-Life	Life	Other	Eliminations	Total
Gross premiums written	1,415	916	-	-81	2,250
Change in provision for unearned premiums	-198	-	-	-	-198
Gross insurance premiums	**1,217**	**916**	**-**	**-81**	**2,052**
Reinsurance premiums	-65	-4	-	-	-69
Net insurance premiums	**1,152**	**912**	**-**	**-81**	**1,983**
Investment income	70	610	57	-14	723
Realized gains and losses	47	212	-	-	259
Fair value gains and losses	-1	72	-	-	71
Result on investments on behalf of policyholders	-	432	-	-	432
Fee and commission income	13	-	4	-	17
Other income	2	13	62	-5	72
Share of profit/(loss) of associates and joint ventures	-	5	-8	-	-3
Total income	**131**	**1,344**	**115**	**-19**	**1,571**
Insurance claims and benefits	-907	-1,799	-	107	-2,599
Insurance claims and benefits recovered from reinsurers	52	3	-	-	55
Net insurance claims and benefits	**-855**	**-1,796**	**-**	**107**	**-2,544**
Operating expenses	-105	-89	-82	9	-267
Restructuring provision expenses	-8	-5	-2	-	-15
Acquisition costs	-186	-29	-	3	-212
Impairments	-1	9	1	-	9
Interest expense	-1	-102	-54	-41	-198
Other expenses	-9	-33	-106	22	-126
Total expenses	**-310**	**-249**	**-243**	**-7**	**-809**
Profit before tax	**118**	**211**	**-128**	**-**	**201**
Income tax expense	-28	-47	34	-	-41
Profit for the period	**90**	**164**	**-94**	**-**	**160**
Profit attributable to non-controlling interests	-	-	1	-	1
Profit attributable to holders of equity instruments	**90**	**164**	**-93**	**-**	**161**

2.4.3 Segmented income statement (continued)

1H 2013	Non-Life	Life	Other	Eliminations	Total
Gross premiums written	1,410	1,013	-	-78	2,345
Change in provision for unearned premiums	-230	-	-	-	-230
Gross insurance premiums	**1,180**	**1,013**	**-**	**-78**	**2,115**
Reinsurance premiums	-72	-7	-	-	-79
Net insurance premiums	**1,108**	**1,006**	**-**	**-78**	**2,036**
Investment income	73	655	42	-9	761
Realized gains and losses	54	226	2	-	282
Fair value gains and losses	-3	179	3	-	179
Result on investments on behalf of policyholders	-	212	-	-	212
Fee and commission income	21	-	9	-	30
Other income	1	-	60	-1	60
Share of profit/(loss) of associates and joint ventures	-	-	1	-	1
Total income	**146**	**1,272**	**117**	**-10**	**1,525**
Insurance claims and benefits	-954	-1,766	-	110	-2,610
Insurance claims and benefits recovered from reinsurers	45	5	-	-	50
Net insurance claims and benefits	**-909**	**-1,761**	**-**	**110**	**-2,560**
Operating expenses	-117	-97	-62	-	-276
Restructuring provision expenses	-3	-2	-1	-	-6
Acquisition costs	-195	-34	-	1	-228
Impairments	-19	-28	-11	-	-58
Interest expense	-2	-120	-55	-28	-205
Other expenses	-4	-29	-73	5	-101
Total expenses	**-340**	**-310**	**-202**	**-22**	**-874**
Profit before tax	**5**	**207**	**-85**	**-**	**127**
Income tax expense	1	-42	25	-	-16
Profit for the period	**6**	**165**	**-60**	**-**	**111**
Profit attributable to non-controlling interests	-	-	-1	-	-1
Profit attributable to holders of equity instruments	**6**	**165**	**-61**	**-**	**110**

2.5 Financial assets and liabilities

2.5.1 General

Financial assets and liabilities can be broken down as follows:

	30 June 2013	31 December 2013
Investments		
- Available for sale	20,713	19,571
- At fair value through profit and loss	89	117
	20,802	**19,688**
Investments on behalf of policyholders		
- At fair value through profit and loss	8,131	8,049
Loans and receivables (amortized cost)	8,838	8,489
Derivatives	1,812	1,054
Cash and cash equivalents	2,188	1,521
Total financial assets	**41,771**	**38,801**
Derivatives	244	535
Total financial liabilities	**244**	**535**

The total derivatives have increased in 2014 by € 1,049 million as a result of € 758 million increase in the derivatives with a positive value and a decrease of € 291 million of derivatives with a negative value. This increase in fair value can be attributed primarily to the interest-rate derivatives due the decrease of the long term yields and restructuring of the interest rate derivatives portfolio as a result of risk mitigating measures.

The fair value is the price that a.s.r. would receive to sell an asset or be paid to transfer a liability in an orderly transaction between market participants on the transaction date in the principal market for the asset or liability, or in the most advantageous market for the asset or liability.

Where possible, a.s.r. determines the fair value of financial assets and liabilities on the basis of quoted prices in an active market. In the absence of an active market for a financial instrument, the fair value is determined using valuation techniques. Although valuation techniques are based on observable market data where possible, results are affected by the applied assumptions, such as discount rates and estimates of future cash flows. In the unlikely event that the fair value of a financial instrument cannot be measured, it is carried at cost.

Fair value hierarchy

The following three hierarchical levels are used to determine the fair value of financial instruments when accounting for financial assets and liabilities at fair value and disclosing the comparative fair value of the financial assets and liabilities:

Level 1. Fair value based on quoted prices in an active market

Level 1 includes assets and liabilities whose value is determined by quoted (unadjusted) prices in the primary active market for identical assets or liabilities.

Level 2. Fair value based on observable market data

Determining the fair value at Level 2 is based on valuation techniques that use inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices of identical or similar assets and liabilities).

Level 3. Fair value not based on observable market data

At Level 3, the fair value of the assets and liabilities is determined using valuation techniques for which any significant input is not based on observable market data. In these situations, there are marginally active or inactive markets for the assets or the liabilities.

Further information on the methods and assumptions that were used by the Group to estimate the fair value of the financial assets and liabilities and the fair value hierarchy is disclosed in the 2013 a.s.r. Consolidated Financial Statements in Note 2.8 'Fair value of assets and liabilities'.

2.5.2 Financial assets and derivatives recognized at fair value

The breakdown of financial assets and derivatives recognized at fair value in accordance with the fair value hierarchy levels are as follows:

30 June 2014	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Investments available for sale				
Government bonds	9,334	-	-	9,334
Corporate bonds	7,744	580	-	8,324
Debt certificates covered by mortgage	382	-	-	382
Debt certificates covered by other assets	236	-	-	236
Unlisted equities	-	78	35	113
Listed equities	2,201	-	-	2,201
Other investments	46	76	1	123
	19,943	**734**	**36**	**20,713**
Investments at fair value through profit and loss				
Unlisted equities	-	-	61	61
Listed equities	28	-	-	28
	28	**-**	**61**	**89**
Derivatives				
Exchange rate contracts	-	2	-	2
Interest rate contracts	-	1,806	-	1,806
Equity index contracts	3	-	-	3
Credit derivatives	-	1	-	1
Total positive fair value	**3**	**1,809**	**-**	**1,812**
Interest rate contracts	-	-243	-	-243
Credit derivatives	-	-	-	-
Derivatives held for hedging	-	-1	-	-1
Total negative fair value	**-**	**-244**	**-**	**-244**
	3	**1,565**	**-**	**1,568**
Cash and cash equivalents	**-**	**2,188**	**-**	**2,188**
Total	**19,974**	**4,487**	**97**	**24,558**

2.5.2. Financial assets and derivates recognized at fair value (continued)

31 December 2013	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Investments available for sale				
Government bonds	8,528	-	-	8,528
Corporate bonds	7,552	495	-	8,047
Debt certificates covered by mortgage	367	-	-	367
Debt certificates covered by other assets	236	-	-	236
Unlisted equities	-	78	47	125
Listed equities	2,145	-	-	2,145
Other investments	46	76	1	123
	18,874	**649**	**48**	**19,571**
Investments at fair value through profit and loss				
Unlisted equities	-	-	64	64
Listed equities	53	-	-	53
	53	**-**	**64**	**117**
Derivatives				
Exchange rate contracts	-	6	-	6
Interest rate contracts	-	1,039	-	1,039
Equity index contracts	9	-	-	9
Credit derivatives	-	-	-	-
Total positive fair value	**9**	**1,045**	**-**	**1,054**
Interest rate contracts	-	-532	-	-532
Credit derivatives	-	-1	-	-1
Derivatives held for hedging	-	-2	-	-2
Total negative fair value	**-**	**-535**	**-**	**-535**
	9	**510**	**-**	**519**
Cash and cash equivalents	**-**	**1,521**	**-**	**1,521**
Total	**18,936**	**2,680**	**112**	**21,728**

The movement in the fair value of financial assets not based on observable market data (level 3 valuation technique).

	Investments at fair value through profit and loss 2014	Investments at fair value through profit and loss 2013	Investments available for sale 2014	Investments available for sale 2013
At 1 January	64	80	48	55
Changes in value of investments, realized/unrealized gains and losses:				
- Fair value gains and losses	13	3	-	-
- Realised gains and losses	-7	-	2	1
- Recognised in Other comprehensive income (unrealised gains and losses)	-	-	1	-
- Impairments	-	-	-15	-
Purchases	25	4	2	40
Sales	-34	-17	-2	-2
Reclassification of investments from/to Level 3 valuation technique	-	-	-	-
At 30 June	**61**	**70**	**36**	**94**

The financial instruments in this category mainly consist of private equity investments. The main non-observable market input is the net asset value of the investment. An increase or decrease in the net asset value of the unlisted equities will have a direct proportional impact on the fair value of the investment.

2.5.3 Investments on behalf of policyholders

The breakdown of investments on behalf of policyholders at fair value through profit or loss in accordance with the fair value hierarchy levels are as follows:

30 June 2014	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Government bonds	1,095	-	-	1,095
Corporate bonds	1,286	362	-	1,648
Listed equities	3,234	-	-	3,234
Listed equity funds	1,732	-	-	1,732
Investment property	-	-	260	260
Other investments	-	162	-	162
Total	**7,347**	**524**	**260**	**8,131**

31 December 2013	Fair value based on quoted prices in an active market Level 1	Fair value based on observable market data Level 2	Fair value not based on observable market data Level 3	Total fair value
Government bonds	936	-	-	936
Corporate bonds	1,114	451	-	1,565
Listed equities	3,372	-	-	3,372
Listed equity funds	1,658	-	-	1,658
Investment property	-	-	216	216
Other investments	-	302	-	302
Total	**7,080**	**753**	**216**	**8,049**

The movement in the fair value of investments on behalf of policyholders not based on observable market data (level 3 valuation technique):

	Investment property 2014	Investment property 2013
At 1 January	216	260
Changes in value of investments, realized/unrealized gains and losses		
- Fair value gains and losses	-4	-12
Purchases	2	-
Sales	-3	-15
Transfer between investments on behalf of policyholders and investment property	49	-
At 30 June	**260**	**233**

2.6 Liabilities arising from insurance contracts

Insurance contracts with retained exposure can be broken down as follows:

	Gross		Of which reinsurance	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Provision for unearned premiums	612	414	12	5
Provision for claims	3,984	3,826	409	402
Non-life insurance contracts	**4,596**	**4,240**	**421**	**407**
Life insurance contracts	**21,416**	**19,688**	**-**	**-**
Total liabilities arising from insurance contracts	**26,012**	**23,928**	**421**	**407**

Changes in liabilities arising from non-life insurance contracts can be broken down as follows:

	Gross		Of which reinsurance	
	2014	2013	2014	2013
Provision for unearned premiums				
At 1 January	414	416	5	38
Changes in provision for unearned premiums	194	-1	2	-34
Other changes	4	-1	5	1
Provision for unearned premiums as at 30 June 2014 (31 December 2013)	**612**	**414**	**12**	**5**
Provision for claims				
Of which reinsurance at 1 january	3,826	3,710	402	407
Benefits paid	-849	-1,705	-45	-101
Changes in provision for claims	907	1,923	52	96
Changes in shadow accounting through equity	100	-102	-	-
Other	-	-	-	-
Provision for claims as at 30 June 2014 (31 December 2013)	**3,984**	**3,826**	**409**	**402**
Non-life insurance contracts as at 30 june 2014 (31 December 2013)	**4,596**	**4,240**	**421**	**407**

Changes in liabilities arising from life insurance contracts can be broken down as follows:

	2014	2013
At 1 January	19,766	21,416
Acquisition of insurance portfolios	-	33
Premiums received	477	898
Interest added	469	1,169
Benefits	-636	-1,498
Technical result	24	-84
Release of cost recovery	-70	-158
Changes in shadow accounting through equity	532	-518
Changes in shadow accounting through income	1,092	-1,323
Other changes	-167	-169
At 30 June 2014 (31 December 2013)	**21,487**	**19,766**
Interest margin participations to be written down		
At 1 January	-87	-112
Discounts granted in the financial year	-	-
Write-down recognized in profit and loss	10	24
Other changes	-	1
At 30 June 2014 (31 December 2013)	**-77**	**-87**
Provision for profit-sharing, bonuses and discounts		
At 1 January	9	10
Profit-sharing, bonuses and discounts granted in the financial year	-3	-1
At 30 June 2014 (31 December 2013)	**6**	**9**
Total life insurance contracts at 30 June 2014 (31 December 2013)	**21,416**	**19,688**

The 2014 interest added amounting to € 469 million (2013: € 1,169 million) consists of regular interest additions to the insurance liabilities of € 312 million (2013: € 636 million), realized gains and losses € 203 million (2013: € 619 million) and the amortization of realized gains and losses € -46 million (2013: € -86 million).

2.7 Employee benefits

The employee benefits increased by € 642 million to € 3,068 million (31 December 2013: € 2,426 million) primarily as a result of the remeasurements of the post-employment benefit obligation amounting to € 616 million which is included in the actuarial gains and losses. The remeasurments are primarily due to the decrease in the discount rate from 3.9% at 31 December 2013 to 2.4% at 30 June 2014. The discount rate is based on the return (zero coupon rate) of high-quality corporate bonds (AA rating) and the duration of the pension obligation. The methods used for determining the post-employment benefit defined obligation and assumptions are consistent with those applied in 2013.

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