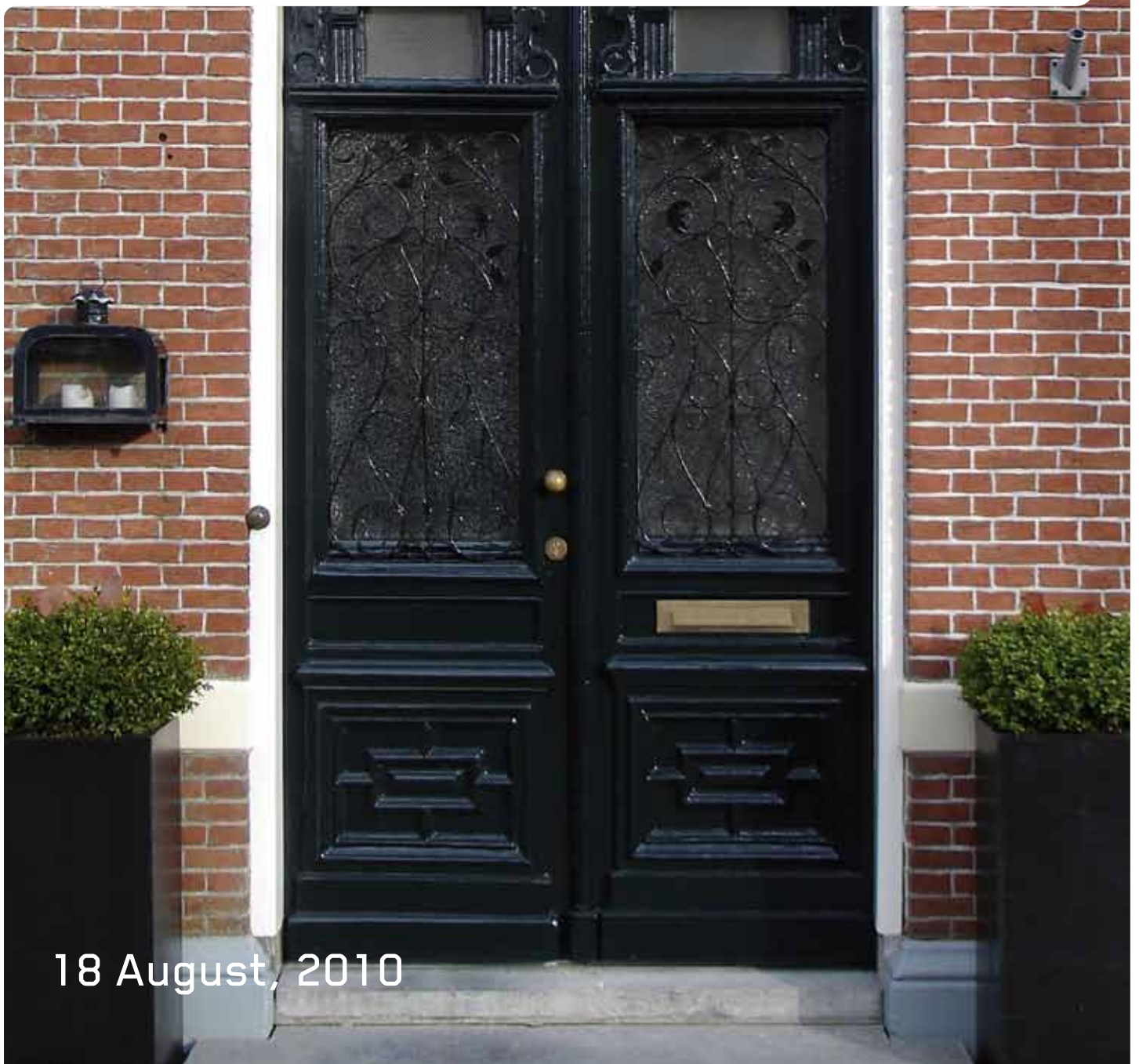


ACHMEA HYPOTHEEKBANK N.V.
interim report 2010



18 August, 2010

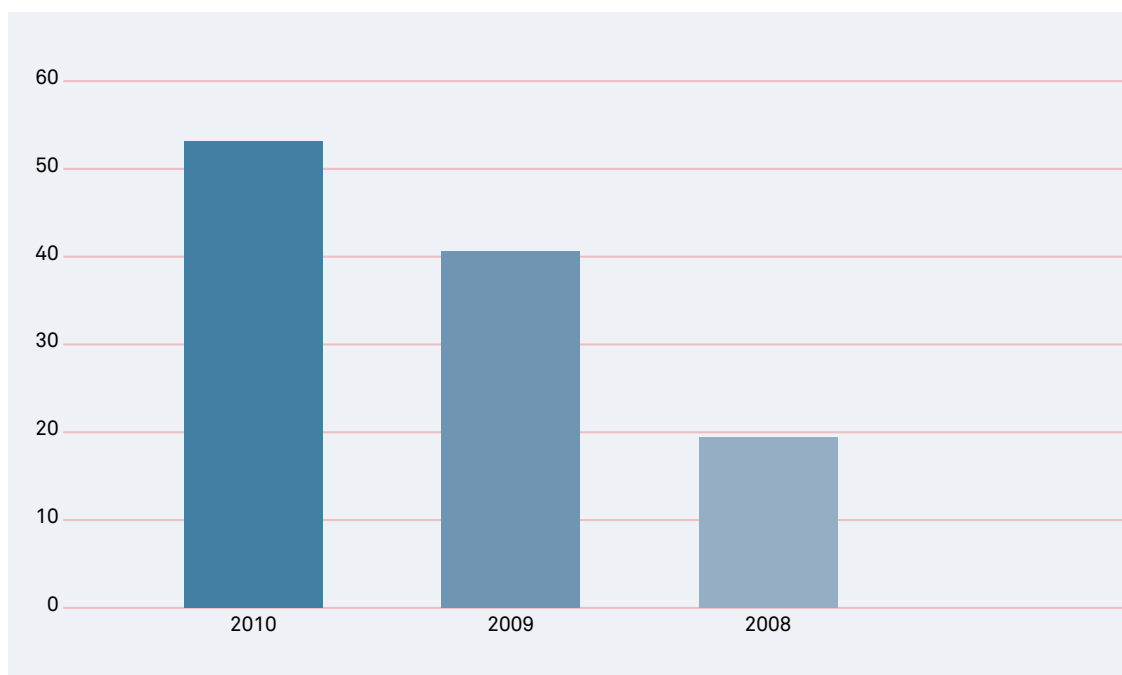


Achmea Hypotheekbank focuses on value

Achmea Hypotheekbank achieved a net profit of EUR 39.6 million in the first half of 2010, which is a significant improvement on the preceding year (first six months of 2009: EUR 30.3 million). As the interest margin decreased, the growth of the net profit can be explained by positive fair value results. The pre-tax profit was up from EUR 40.7 million to EUR 53.1 million.

Achmea Hypotheekbank interim result

In millions of euros



Lower interest margin due to increased funding costs

The interest margin decreased with EUR 17.6 million and can be explained by two significant developments:

As a result of increased funding costs, mainly due to guarantee fees relating to the USD 3.25 billion issue (fourth quarter of 2009) under the State Guaranteed Medium Term Note Programme, interest margin was reduced by EUR 16.0 million.

This decrease is partly compensated by an improvement of the interest margin of EUR 3.0 million, as Achmea Hypotheekbank increased its focus on delivering value rather than volume by excellent management of the current portfolio. As a result, the nominal mortgage portfolio decreased from EUR 13.9 billion per June 2009 to EUR 13.3 billion per June 2010.



Positive effects due to changes in the fair value of interest-rate-sensitive instruments

Current year's pre-tax profit is positively affected by the EUR 20.9 million gain (first six months 2009: EUR 3.0 million loss) realized due to changes in the fair value of interest-rate-sensitive instruments, comprising hedging accounting results and gains and losses on derivatives and other financial instruments. Due to their nature these effects will be offset in future periods.

Operational excellence primary process

Fees, commission expenses and operating expenses in total decreased by EUR 2.4 million. As of January the Front-office activities relating to the Woonfonds and Avéro label have been transferred to Achmea Hypotheekbank. In addition Mid- and Backoffice activities have been aligned with reduced business volumes.

Limited impairment losses on loans

Impairment losses on receivables decreased from EUR 4.8 million in the first half of 2009 to EUR 2.2 million in the first half of 2010. Although the number of debtors in default increased during 2010, the growth of the default portfolio slowed down in comparison to the growth in the first six months of 2009.

Focus on Tier 1 Capital

At the end of 2009 the Executive Board tightened the internal capital norm from a BIS ratio of 10.0% to a Tier 1 ratio of 10.0%. Tier 1 capital strengthened from 10.4% to 10.9%. The BIS ratio as at 30 June 2010 amounted to 13.4%, comfortably satisfying the minimum requirement by law. Return on equity improved from 13.5% (June 2009) to 15.7% as a result of the net profit increase.

Growth of balance sheet

Balance sheet total increased by EUR 1.2 billion from EUR 16.0 billion to EUR 17.2 billion mainly due to revaluation of USD notes and the changes in fair value of the derivatives related to these funds.

Funding requirements

Because of its sufficient liquidity position during the reporting period, no new funding was raised in the first six months of 2010. Achmea Hypotheekbank is preparing to raise new secured funding in the coming months.

's Hertogenbosch, 18 August 2010

The Executive Board

Achmea Hypotheekbank is part of Eureko Group. The bank sells and services its mortgage and other products via the distribution channels of Centraal Beheer Achmea, FBTO, Avéro Achmea and Woonfonds.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June

In thousands of euros	2010	2009
Interest income	347,852	368,006
Interest expenses	292,696	295,215
Interest margin	55,156	72,791
Changes in fair value of interest-sensitive financial instruments	20,878	-3,018
Interest margin and changes in fair value of interest-sensitive financial instruments	76,034	69,773
Fees and commission expense	1,807	5,373
Fee and commission	1,807	5,373
Impairment on financial instruments and other assets	2,193	4,823
Impairment on intangible assets	-	1,133
Operating expenses	18,919	17,784
Operating profit before taxes	53,115	40,660
Income tax expense	13,544	10,368
Net profit	39,571	30,292
Other comprehensive income, net of income tax		
Fair value reserve (available-for-sale financial assets):		
Net change in fair value	-766	-28
Other comprehensive income for the period, net of income tax	-766	-28
Total comprehensive income for the period	38,805	30,264
Profit attributable to:		
Shareholders' equity	39,571	30,292
Profit for the period	39,571	30,292
Total comprehensive income attributable to:		
Shareholders' equity	38,805	30,264
Total comprehensive income for the period	38,805	30,264
For the period ended 30 June		
As %	2010	2009
Return on average equity	15.7%	13.5%
Efficiency ratio	35.5%	26.4%

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In thousands of euros	30 June 2010	31 December 2009
Assets		
Cash and cash equivalents	13,305	29,750
Loans and advances to banks	1,475,520	1,115,526
Derivative assets held for risk management	938,638	382,899
Loans and advances to public sector	560,108	250,057
Loans and advances to customers	14,128,965	14,137,181
Interest-bearing securities	44,894	79,609
Property and equipment	-	2
Current tax assets	17,815	-
Deferred tax assets	567	569
Prepayments and other receivables	45,047	3,206
Total assets	17,224,859	15,998,799
Liabilities		
Deposits from banks	1,744,399	1,280,314
Derivative liabilities held for risk management	995,020	673,443
Funds entrusted	1,333,757	1,235,089
Debt securities issued	12,312,677	12,002,031
Current tax liabilities	-	13,574
Deferred tax liabilities	19,465	8,053
Accruals and other liabilities	112,563	120,729
Subordinated liabilities	183,800	181,193
Total liabilities	16,701,681	15,514,426
Share capital	18,152	18,152
Share premium	269,206	269,206
Fair value reserve	1,982	2,748
Other reserves	233,838	194,267
Shareholders' equity	523,178	484,373
Total equity and liabilities	17,224,859	15,998,799

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In thousands of euros	Share capital	Share premium	Fair value reserve	Retained earnings	Other reserves	Total equity
Balance at 1 January 2010	18,152	269,206	2,748	50,111	144,156	484,373
Total comprehensive income for the period						
Profit or loss	-	-	-	39,571	-	39,571
Other comprehensive income, net of income tax						
Fair value reserve (available-for-sale financial assets):						
Net change in fair value	-	-	-766	-	-	-766
Total comprehensive income for the period	-	-	-766	39,571	-	38,805
Transaction with owners, recognised directly in equity						
Contributions by and distributions to owners						
Distribution of profit 2009	-	-	-	-50,111	50,111	-
Total contributions by and distributions to owners	-	-	-	-50,111	50,111	-
Balance at 30 June 2010	18,152	269,206	1,982	39,571	194,267	523,178
Balance at 1 January 2009	18,152	269,206	2,401	28,514	115,642	433,915
Total comprehensive income for the period						
Profit or loss	-	-	-	30,292	-	30,292
Other comprehensive income, net of income tax						
Fair value reserve (available-for-sale financial assets):						
Net change in fair value	-	-	-28	-	-	-28
Total comprehensive income for the period	-	-	-28	30,292	-	30,264
Transaction with owners, recognised directly in equity						
Contributions by and distributions to owners						
Distribution of profit 2008	-	-	-	-28,514	28,514	-
Total contributions by and distributions to owners	-	-	-	-28,514	28,514	-
Balance at 30 June 2009	18,152	269,206	2,373	30,292	144,156	464,179

The fair value reserve comprises the cumulative net changes in the fair value of available-for-sale assets.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the period ended 30 June

In thousands of euros	2010	2009
Cash flow from operating activities		
Net profit	39,571	30,292
Adjustments for:		
Depreciation	2	3
Impairment on intangible assets	-	1,133
Impairment on financial instruments and other assets	2,193	4,823
Net changes in fair value reserve	-766	-28
Non cash items included in net profit	507,527	35,112
Trading portfolio interest-bearing securities	34,715	-1,339
Loans and advances to banks	-359,994	-254,712
Derivative assets held for risk management	-555,739	-51,745
Loans and advances to public sector	-310,051	-494,000
Loans and advances to customers (exc. allowance for losses on loans and advances)	6,023	165,690
Prepayments and other receivables	-41,841	100,774
Deferred tax	11,414	-10
Deposits from banks	464,085	818,724
Derivative liabilities held for risk management	321,577	135,890
Funds entrusted	98,668	506,064
Current tax	-31,389	10,368
Accruals and other liabilities	-8,166	-23,841
Net cash flow from operating activities (1)	177,829	983,198
Cash flow from investment activities		
Investments in property and equipment and intangible assets	-	-1,014
Net cash flow from investing activities (2)	-	-1,014
Cash flow from financing activities		
Debt securities	-196,881	-967,724
Subordinated liabilities	2,607	-12,803
Net cash flow from financing activities (3)	-194,274	-980,527
Net cash flow (1) + (2) + (3)	-16,445	1,657
Cash and cash equivalents as at 1 January	29,750	26,012
Cash and cash equivalents as at 30 June	13,305	27,669
Movements in cash and cash equivalents	-16,445	1,657
Cash flow on account of interest relating to operating and financing activities:		
Interest received	540,680	753,566
Interest paid	427,839	634,940
Cash flow on account of tax:		
Paid tax	33,258	-

NOTES

Introduction

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting. The figures do not contain all the information required for the complete annual financial statements and should therefore be read in conjunction with Achmea Hypotheekbank's 2009 annual report, which can be found at www.achmeahypotheekbank.nl. The Condensed Consolidated Interim Financial Statements was approved by the Supervisory Board on 16 August 2010.

Consolidation

The Condensed Consolidated Interim Financial Statements include Achmea Hypotheekbank N.V., the foundation Incasso Achmea Hypotheken, the private limited liability companies Dutch Mortgage Portfolio Loans and Securitised Guaranteed Mortgage Loans established as vehicles for the securitisation programmes and Achmea Covered Bond Company B.V.

Segmentation

In the internal reports used by the Chief Operating Decision Maker (Executive Board) to allocate resources and monitor performance targets to the operating segments, Achmea Hypotheekbank is identified as a single operating segment.

Estimates

In preparing the Condensed Consolidated Interim Financial Statements use has been made of estimates and assumptions (this includes a number of the reported amounts in the Condensed Consolidated Interim Financial Statements for the period under review). The principal sources of estimates and the judgements made are the same as those used in preparing the consolidated financial statements for 2009 with the exception of the amortisation method for macro hedge accounting, which has been improved as of January 2010. Up to January 2010 the amortisation method for terminated hedging relationships was based on the effective-interest method over the remaining term to maturity of the hedged item. The improved amortisation technique is based on the effective-interest method over the remaining term to maturity of the hedged item per loan term group (ranging from 1 to 30 years). Due to this improvement the line item changes in fair value of interest-sensitive financial instruments in the first half of 2010 has increased by EUR 3.0 million. The effect of this change on future periods is a gain of EUR 6.8 million.

ACCOUNTING POLICIES

General

The accounting policies applied by Achmea Hypotheekbank in these Condensed Consolidated Interim Financial Statements are the same as those applied in the Achmea Hypotheekbank Annual Report 2009.

IFRS standards and interpretations effective from 1 January 2010 did not have a material impact on Achmea Hypotheekbank.

Since the financial statements for the year ended 31 December 2009 were published, the International Accounting Standards Board (IASB) has issued two statements containing amendments to Standards and Interpretations that are not yet effective for the period ending 30 June 2010 and hence have not been applied in preparing these Statements.

The possible impact of these statements to Achmea Hypotheekbank are:

Improvements to International Financial Reporting Standards (affects various standards) – issued May 2010

In May 2010, the IASB issued 'Improvements to IFRSs', a collection of minor amendments to a number of IFRSs. The IASB uses the annual improvements project to make necessary, but non-urgent, amendments to IFRSs. At the end of June 2010, the improvements had not been endorsed by the European Union and hence not applied by Achmea Hypotheekbank. These amendments have different application dates (mostly from 1 January 2011) and have no material effect on Achmea Hypotheekbank.

Other

The IASB has issued an additional exemption for First-time Adopters (amendments to IFRS 1) as Achmea Hypotheekbank has already adopted IFRS since 2005 this standard is not applicable to Achmea Hypotheekbank and hence has no effect on the (Interim) Financial Statements of Achmea Hypotheekbank.

Related parties

Achmea Hypotheekbank N.V. is a wholly-owned subsidiary of Achmea Bank Holding N.V. in a group headed by Eureko B.V. Achmea Bank has relations with related parties. 'Related parties' refers to other companies in the Group and members of the Supervisory Board and Executive Board of Achmea Bank. Banking transactions involve related parties as part of ordinary operations. Disclosures concerning the related parties are included in the Condensed Consolidated Interim Financial Statements for the year ended 31 December 2009. There have been no changes in the nature or the size of the transactions involving related parties other than those arising from ordinary operations.

FINANCIAL RISK MANAGEMENT

Capital management

Under the Financial Supervision Act (WFT), De Nederlandsche Bank N.V. has laid down minimum capital requirements. The amount of own funds to be maintained by Achmea Hypotheekbank is related to risk-weighted assets and off-balance-sheet items. The BIS ratio standard required by the regulator is 8%.

The Executive Board has tightened the internal capital norm from BIS ratio target of 10.0% in 2009 to Tier 1 ratio of 10.0% for 2010. Achmea Hypotheekbank satisfied the target ratio throughout the period. As at 30 June 2010, the BIS ratio was 13.4% (December 2009: 13.1%). The improvement in the BIS ratio was attributable to the net profit of EUR 39.6 million for the period ended 30 June 2010.

Of the subordinated liabilities totalling EUR 184 million, funding amounting to EUR 84 million has been provided by Achmea Group.

Qualifying capital and BIS

In millions of euros	30 June 2010	31 December 2009
Paid-up and called-up capital	18	18
Share premium reserve	269	269
Other reserves	234	194
Deductions	-13	-13
Tier 1 capital	508	469
Subordinated liabilities (the portion counting towards qualifying capital)	132	135
Deductions	-13	-13
Tier 2 capital (maximum 50% of Tier 1)	119	122
Total qualifying capital	627	591
Risk-weighted assets	4,679	4,512
Tier 1 ratio	10.9%	10.4%
Tier 2 ratio	2.5%	2.7%
BIS ratio	13.4%	13.1%

Credit risk

Credit quality by class of financial assets

The credit quality of financial assets is managed by Achmea Hypotheekbank using internal credit ratings. The table below shows the credit quality by class for all financial assets exposed to credit risk. Loans and advances to customers are broken down to low risk (government guaranteed and securitized mortgages), high risk (the part of mortgage receivables above loan to foreclosure value > 0.75) and average risk (all other mortgage receivables).

Credit quality by class of financial assets

As at 30 June 2010

In thousands of euros	Neither past due nor impaired					Total
	Low risk	Average risk	High risk	Past due but not impaired	Individually impaired	
Cash and cash equivalents	13,305	-	-	-	-	13,305
Loans and advances to banks	1,475,520	-	-	-	-	1,475,520
Loans and advances to customers	4,977,200	7,105,508	1,850,853	113,665	81,739	14,128,964
Loans and advances to public sector	560,108	-	-	-	-	560,108
	7,026,133	7,105,508	1,850,853	113,665	81,739	16,177,897

Aging analyses of past due but not impaired loans

As at 30 June 2010	Less than 1 month	1 < 2 month	2 < 3 month	> 3 month	Total
Loans and advances to customers	49,928	45,933	17,804	-	113,665

As at 31 December 2009

In thousands of euros	Neither past due nor impaired					Total
	Low risk	Average risk	High risk	Past due but not impaired	Individually impaired	
Cash and cash equivalents	29,750	-	-	-	-	29,750
Loans and advances to banks	1,115,526	-	-	-	-	1,115,526
Loans and advances to customers	5,108,522	6,983,231	1,869,727	103,022	72,678	14,137,181
Loans and advances to public sector	250,057	-	-	-	-	250,057
	6,503,855	6,983,231	1,869,727	103,022	72,678	15,532,514

Aging analyses of past due but not impaired loans

As at 31 December 2009	Less than 1 month	1 < 2 month	2 < 3 month	> 3 month	Total
Loans and advances to customers	44,696	40,851	17,475	-	103,022

Liquidity risk

The following table presents an analysis of assets and liabilities of Achmea Hypotheekbank according to their contractual remaining life.

Net liquidity gap

As at 30 June 2010

In thousands of euros	< 3 months	Between 3 months and 1 year	Between 1 and 5 years	> 5 years	Total	Total carrying amount
Assets						
Loans and advances to banks, public sector and customers	1,576,149	717,869	2,950,362	10,081,831	15,326,211	16,164,593
Interest-bearing securities	-	-	24,000	16,000	40,000	44,894
Total assets	1,576,149	717,869	2,974,362	10,097,831	15,366,211	16,209,487
Liabilities						
Deposits from banks	610,000	164,908	431,751	523,833	1,730,492	1,744,399
Funds entrusted	351,237	256,184	395,383	318,226	1,321,030	1,333,757
Debt securities issued	540,000	2,324,580	8,897,628	211,916	11,974,124	12,312,677
Subordinated liabilities	-	6,250	76,941	96,250	179,441	183,800
Total liabilities	1,507,237	2,751,922	9,801,703	1,150,225	15,205,087	15,574,633
Net liquidity gap	74,912	-2,034,053	-6,827,341	8,947,606	161,124	

As at 31 December 2009

In thousands of euros	< 3 months	Between 3 months and 1 year	Between 1 and 5 years	> 5 years	Total	Total carrying amount
Assets						
Loans and advances to banks, public sector and customers	746,547	1,080,811	3,045,005	10,080,402	14,952,765	15,502,764
Interest-bearing securities	-	-	24,000	51,000	75,000	79,609
Total assets	746,547	1,080,811	3,069,005	10,131,402	15,027,765	15,582,373
Liabilities						
Deposits from banks	245,000	784,469	214,445	20,000	1,263,914	1,280,314
Funds entrusted	271,264	220,190	419,042	310,317	1,220,813	1,235,089
Debt securities issued	111,345	2,311,000	9,160,041	196,016	11,778,402	12,002,031
Subordinated liabilities	-	6,250	70,134	103,057	179,441	181,193
Total liabilities	627,609	3,321,909	9,863,662	629,390	14,442,570	14,698,627
Net liquidity gap	118,938	-2,241,098	-6,794,657	9,502,012	585,195	

Because of its sufficient liquidity position during the reporting period, no new funding was raised in the first six months of 2010. Achmea Hypotheekbank is preparing to raise new secured funding in the coming months. In addition Achmea Hypotheekbank currently has a committed credit line of EUR 0.4 billion and a commitment to transfer EUR 1.5 billion of mortgage loans to the balance sheet of Achmea Pensioen en Levensverzekeringen N.V. at its disposal.

Financial assets and liabilities at fair value

The following table provides an analysis of financial instruments that are measured at fair value, grouped into three levels (fair value hierarchy) based on the significance of the inputs used in making the fair value measurements.

As at 30 June 2010

In thousands of euros	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative assets held for risk management				
- Interest rate swaps	-	420,220	-	420,220
- Currency swaps	-	650,767	-	650,767
- Back to back swap	-	-	-132,349	-132,349
	-	1,070,987	-132,349	938,638
Financial assets designated at fair value through profit or loss				
- Private sector loans and advances	-	-	440,696	440,696
	-	-	440,696	440,696
Financial assets held for sale				
- Interest-bearing securities	44,894	-	-	44,894
	44,894	1,070,987	308,347	1,424,228
Financial liabilities				
Derivative liabilities held for risk management				
- Interest rate swaps	-	1,127,369	-	1,127,369
- Back to back swap	-	-	-132,349	-132,349
	-	1,127,369	-132,349	995,020

As at 31 December 2009

In thousands of euros	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative assets held for risk management				
- Interest rate swaps	-	371,044	-	371,044
- Currency swaps	-	133,396	-	133,396
- Back to back swap	-	-	-121,541	-121,541
	-	504,440	-121,541	382,899
Financial assets designated at fair value through profit or loss				
- Private sector loans and advances	-	-	452,693	452,693
	-	-	452,693	452,693
Financial assets held for sale				
- Interest-bearing securities	79,609	-	-	79,609
	79,609	504,440	331,152	915,201
Financial liabilities				
Derivative liabilities held for risk management				
- Interest rate swaps	-	794,984	-	794,984
- Back to back swap	-	-	-121,541	-121,541
	-	794,984	-121,541	673,443

- **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 instruments valued using quoted prices in active markets for similar instruments, quoted prices for identical or similar instruments 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 unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments valuation.

During the first half year of 2010 no financial instruments have been transferred between the different levels. The total amount of gains and losses accounted for in the first half year of 2010 of financial instruments with a level 3 fair value amounted to a gain of EUR 7 million (first half year 2009: loss of EUR 2 million), which was included in the statement of comprehensive income.

As this effect is mitigated by a natural hedge the net effect in the first half year of 2010 amounted to a gain of 2 million (first half year 2009: loss of EUR 6 million).

To: The Executive Board and the Supervisory Board of Achmea Hypotheekbank N.V.

REVIEW REPORT

Introduction

We have reviewed the accompanying Condensed Consolidated Interim Financial Information for the six month period ended 30 June 2010, of Achmea Hypotheekbank N.V., The Hague, which comprises the Condensed Consolidated Statement of Financial Position as at 30 June 2010, the Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated of Changes in Equity, Condensed Consolidated Statement of Cash Flow and the selected explanatory notes for the six month period then ended. Management is responsible for the preparation and presentation of this Condensed Consolidated Interim Financial Information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

Scope of Review

We conducted our review in accordance with Dutch law including standard 2410, "Review of Interim Financial Information Performed by the Auditor of the Entity". 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 Information as at 30 June 2010 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Utrecht, 18 August 2010

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